

Beyond Borders: Reaching new markets, improving payments visibility, and lowering costs

Today's financial world is a global connected economy with an emphasis on reliability and transparency. Financial institutions vying to make cross-border payments a seamless experience face myriad challenges due to the complexities involved. It is vital to have a cost-effective and scalable solution that can deliver consistently without compromising security.

Financial institutions standing on thin ice must pivot before it's too late

Cross-border payment volumes have rebounded post-pandemic and legacy banking systems find it difficult to match the increasing demand for scalability, speed, and transparency arising from consumers and businesses. The traditional correspondent cross-border payments experience is no longer acceptable with unpredictable and unconfirmed settlements, variable fees, and final payment amounts that are not consistent with the sender's intention. As a result, a plethora of alternative payment methods are becoming popular in the market:



Swift GPI



Mastercard Cross-Border Services



Visa Direct



Thunes

There are also programs that exploit the improved interoperability of domestic clearings (for example through ISO 20022 adoption) such as the pilot program established by The Clearing House, EBA Clearing, and Swift to ensure frictionless immediate cross-border payments in the US dollar and euro currencies.

Cross-border payments challenges

A new survey report by Datos Insights highlights several issues facing financial institutions trying to upgrade their cross-border payments services.



Compliance / security



Loss of revenue / market share



High per transaction costs



Slow transfer of funds



Lack of transparency / predictability in current process



De-risking



Limited global reach

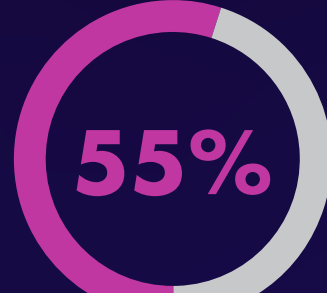


Overhead of managing multiple correspondent banking relationships

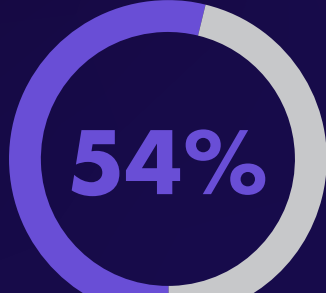


High operational costs

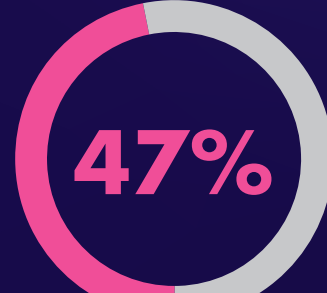
Among the many issues highlighted by the financial institutions, the highest ranked (extremely challenging or very challenging) issues were:



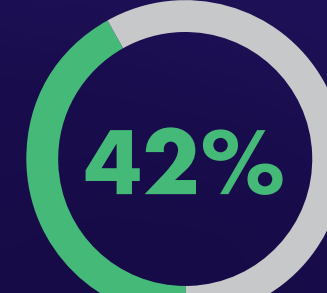
Compliance / security concerns



High per transaction costs



De-risking



Loss of revenue / market share

Adapt or risk falling behind



The lower volumes and higher transaction costs of cross-border payments can make it difficult for financial institutions to justify the initial investment. However, the ever-increasing disruption by fintech players mandates that financial institutions think long-term and fully commit to expanding their cross-border payment capabilities and look for differentiated offerings to stay relevant.

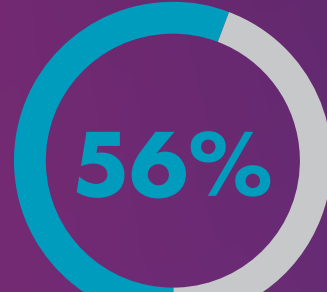
Additionally, financial institutions must solidify and grow their customer relationships and become go-to destinations for all their financial needs including cross-border payments.

Factors fueling the demand for cross-border payments

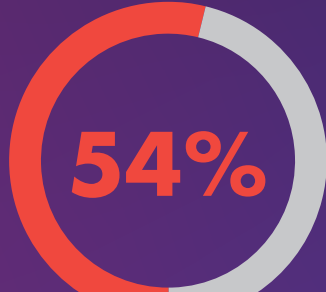
The need for instant cross-border payments is at its zenith with a massive spike in remittance volumes and a flourishing Gig economy. Also, contractor payouts and content creators across the globe are looking for time-critical payment solutions. Coupled with the market drivers around cross-border payments, the majority of financial institutions have identified profitability as a key factor in their cross-border modernization strategies.



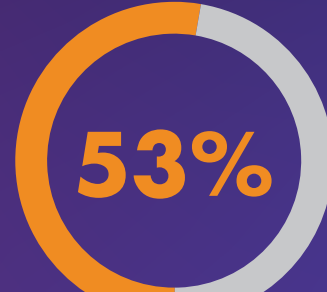
Additionally, the financial institutions indicated the following areas as critical to success:



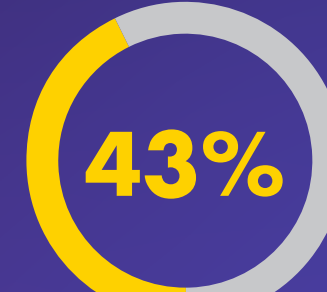
Ability to access hard-to-reach markets / greater global reach



Generate additional revenue



Faster, more transparent, and predictable process



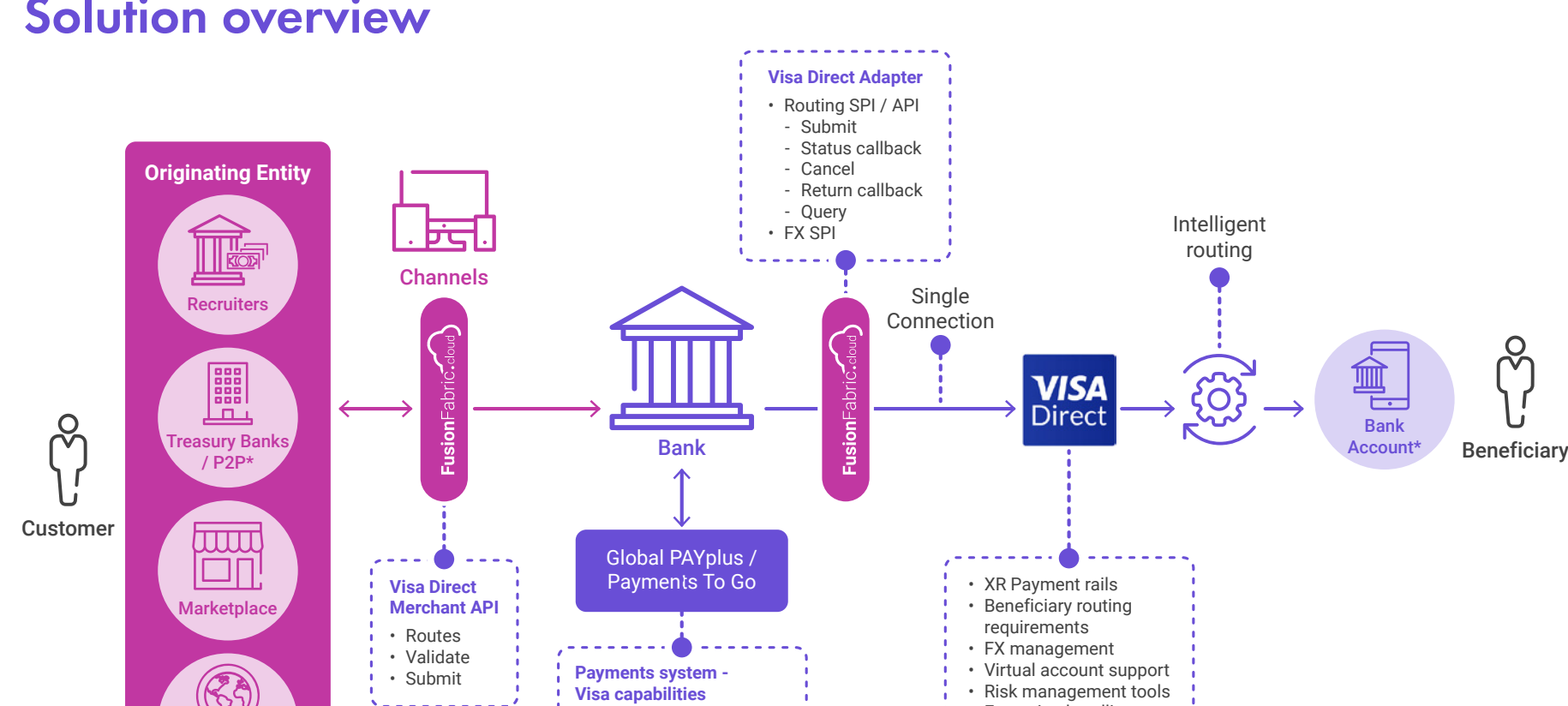
Improve customer loyalty

Experience hassle-free cross-border payments with Finastra

Our payment hubs, Global PAYplus and Payments To Go streamline the processing of cross-border and domestic payment (real-time, ACH, and RTGS) in a single streamlined solution. By consolidating various payment types under a single umbrella, financial institutions can improve operational efficiency and elevate the overall payment experience for end-users. Our open collaboration platform, FusionFabric.cloud, allows our payment hubs to access a wide fintech marketplace of specialist services to drive innovation.

To support rapidly increasing cross-border volumes, Finastra has partnered with Visa to provide a solution with global reach, reduced payment friction and cost, simplified compliance and regulatory adherence, value-added services such as pre-validation, and watertight security for all your transactions. Furthermore, as a pre-integrated solution via FusionFabric.cloud with Visa, financial institutions can onboard quickly and safely to a tried and trusted network provider.

Solution overview



The Finastra Visa solution offers financial institutions of all sizes a secure cross-border payment ecosystem that caters to evolving business and customer demands and addresses all the critical success areas discussed above.



Understand in-depth features of Visa solution and learn more

Finastra unlocks innovation across the world of financial services, through our trusted software and open platform. To find out more, visit finastra.com