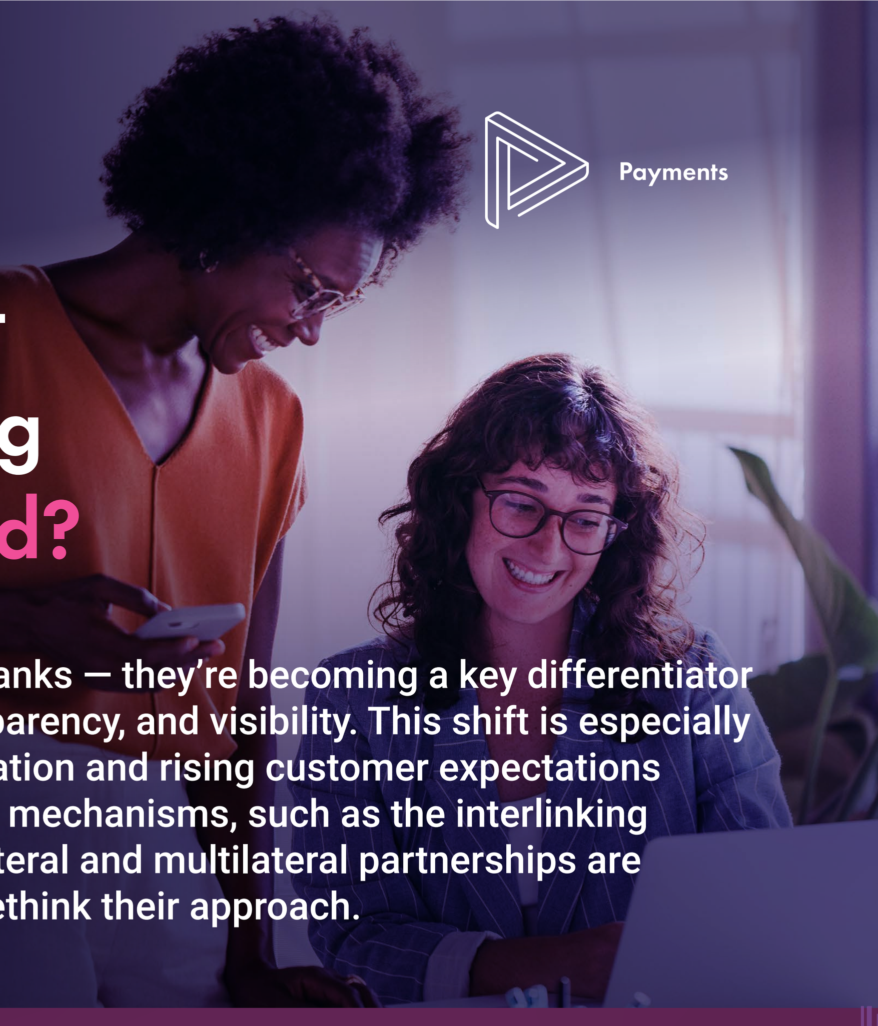
FINASTRA

Payments

Cross-border payment strategies are changing – how will you respond?



Payments are no longer just a cost centre for banks — they're becoming a key differentiator in terms of customer experience, choice, transparency, and visibility. This shift is especially evident in cross-border payments, where innovation and rising customer expectations are driving transformation. The plethora of new mechanisms, such as the interlinking of domestic instant payment schemes and bilateral and multilateral partnerships are accelerating this change, prompting banks to rethink their approach.

55%

of corporate banks find it more challenging to win and retain customers than it was 12 months ago

64%

of corporate banks believe the competitive threat from fintechs and other challengers is increasing

A new report from Celent[1] considers how the options for executing cross-border payments continue to grow and outlines the key actions that banks must take to respond. Data shown in this infographic is from a recent Celent survey[2].

Expanding options beyond Swift

Historically, Swift was the dominant method for cross-border payments due to its ability to standardize messaging across borders. Today, however, banks have a growing array of options, including digital assets, instant payment systems, fintech platforms, and traditional remittance providers. Many banks already have relationships with networks like Visa Direct or Thunes, which can be leveraged for faster, more flexible cross-border transactions. Rather than seeking a single replacement for Swift, banks should focus on supporting multiple rails and identifying those that offer the greatest value — whether through cost savings, efficiency, transparency, or access to underserved markets.

Regulatory drivers and other challenges

Regulation continues to play an important role. The G20's 2020 "Roadmap for Enhancing Cross-border Payments" outlines 19 building blocks aimed at improving speed, cost, transparency, and access by 2027. Enhanced KYC and AML requirements, along with broader access to payment systems, are expected to improve security and customer experience. However, not all regulation is beneficial — correspondent banking relationships have declined due to the growing compliance burden and risk of penalties. Regardless of strategy, banks must prepare for ongoing change driven by regulation, competition, and customer demand. Despite the importance of regulatory compliance, it was third in the list of #1 challenges, with budget constraints and legacy technology limitations proving to be the biggest obstacles.

25%

IT budget constraints

21%

Limitations of existing technology

18%

Pressure to focus on mandatory/ compliance changes

Swift migration as a catalyst

The migration from Swift MT to MX, with a deadline of November 2025, has led banks to upgrade their Swift infrastructure. More importantly, it has prompted a broader reassessment of cross-border payment strategies. This shift is pushing banks to consider a future with multiple interconnected payment rails.

Over 80%

of corporate banks intend to introduce some level of change to their cross-border solutions in the next 18 months.

Preparing for a multi-rail future

Banks must anticipate future requirements and trends. Two major developments are the rise of regional payment networks like TIPS and BUNA, and the interlinking of instant payment systems across borders. These networks are converging, with TIPS and BUNA interoperable and both expressing interest in joining the Nexus initiative. As more networks interconnect, opportunities for innovation grow — though complexity increases as well. Smaller or challenger banks may be better positioned to benefit, given their lower legacy costs and greater agility. For these institutions, cross-border payments represent a strategic growth opportunity.

Hover over the bar for more information

Product/proposition innovation or enhancement

Greater speed and agility

Meeting compliance and regulatory commitments

Designing for agility and scale

Success in this evolving landscape requires a modern, composable, scalable platform architecture that is agile, resilient, cost-efficient, and capable of supporting multiple payment rails. Banks must rethink payment rails as customer-facing channels, ensuring a consistent experience across all options. These design considerations are reflected in the drivers for IT spend that are ranked #1 by corporate banks.

The ranking for the top 3 drivers of IT strategy in the next 18 months is:

Improving IT security and operational resilience	48%
Greater speed and agility	44%
Product/proposition innovation or enhancement	41%

From a regional perspective, improving IT security and operational resilience is the number one IT spend priority in APAC, NA, and LATAM.

Hover over the interactive circle for more information

While priorities change with geography and when extending from just the #1 to the top 3 rankings, it is clear that corporate banks are developing strategies and spending IT budgets in those areas that are well suited to the implementation of modular and composable payment hubs built on cloud-native technologies, processes, and methodologies.

In addition to this overarching need for a modern payments solution, there are additional features that must be considered.

Simplified onboarding and offboarding

With the rapid emergence of new payment methods like stablecoins and instant payment linkages, banks need platforms that allow easy integration and removal of these solutions. Flexibility is key to adapting quickly to market changes.

Smart routing and real-time decisioning

Smart routing involves providing customers with transparent information — such as pre-payment pricing — and enabling banks to make real-time decisions based on speed, cost, and compliance. This requires deep insight into payment flows and funding positions. AI is expected to play a growing role in optimizing outcomes for both banks and customers.

47%

of corporate banks consider AI and advanced data analytics as the top technology priority over the next 18 months, way ahead of any other.

End-to-end tracking and visibility

Transparent tracking is now a baseline expectation. Solutions like Swift GPI offer end-to-end visibility, and customers increasingly demand a centralized view of their payments across all rails.

Flexible process flows and always-on availability

Each payment rail has unique requirements, making a one-size-fits-all approach ineffective. Areas like compliance checks and account verification vary by country and can impact straight-through processing rates. Additionally, customers expect near-constant uptime, regardless of local banking hours or holidays, requiring banks to deliver continuous service.

58%

of corporate banks plan to move more of their business-critical workloads to the public cloud in the next 18 months.

The appetite for cloud adoption, and the scalability, security, availability, and resiliency it brings, is spread evenly across bank tiers.

Strategic path going forward

Banks must approach cross-border payments from two angles:

Unlocking benefits: New technologies and payment rails are democratizing cross-border payments, making them accessible beyond just the largest institutions. Benefits extend beyond FX revenue to include client acquisition, retention, and operational savings — especially with a Payments-as-a-Service (PaaS) model.

Cost of inaction: As more banks enter the space, those that delay, risk falling behind. While many have wanted to modernize, they've lacked a compelling business case. That's changing. Staying merely on par with peers is no longer enough — those who act now will gain a competitive edge.

By adopting a modern payments hub solution, leveraging cloud-native technologies, DevOps practices and open architectures, banks can embrace change, drive innovation, and focus on service excellence for cross-border (and domestic) payments. Finastra's payment hub solutions (Global PAYplus and Payments To Go) open the door to this new world of opportunities.

Contact us today

Download the full report to understand the changes in cross-border processing options, how a modern payments hub solution is increasingly a pre-requisite, and the key considerations in choosing a solution that will allow you to compete in this growing market.

Download full report

1. Preparing for the Future of Cross-Border Payments – An Action Plan for Banks, Celent, 2025
2. Dimensions: Risk IT Pressures & Priorities, Celent, 2025