



Small payments. Big opportunity.

How to capture growth in the low-value
cross-border payments market.

July 2023

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A world without borders

We're living in a world where technology has the power to transcend borders and help us feel closer to one another than ever before. Just a few years ago, buying goods from another country could mean you were in for a long wait. But today, you may not even notice the difference, even if your package is travelling thousands of miles.

Consumers and SMEs are increasingly moving money between countries and continents. For consumers, that might mean sending a share of their wages or a birthday present to family overseas. While SMEs could be searching for staff or supplies in neighbouring countries that can boost business.

Banks and other providers have a major role to play. Not only to meet their customers' needs, but also to create a world where sending someone a few dollars, yen or euros takes just the touch of a button.

To help our community best serve the \$10 trillion low-value cross-border payments market*, we wanted to understand what's important to the people behind each payment. What makes a great experience? And what contributes to one that leaves them feeling frustrated? This research aims to answer these questions, and we hope that financial institutions around the world can use it to enhance their payments offering and continue elevating their service.

The importance of delivering on this has only been made clearer by the G20's roadmap to improve the speed, cost, transparency and accessibility of cross-border transfers. This is our vision too. And Swift's role is to foster collaboration across the ecosystem to overcome fragmentation and enable payments of all sizes to flow seamlessly around the globe. So that no matter where a transfer's travelling, it always gets there on time and in one piece.

We're already making great progress together through services like Swift Go, and we look forward to continuing to innovate with our community to provide an instant, frictionless cross-border experience for all.

Thierry Chilos
Chief Strategy Officer, Swift

Our research

To help better understand the booming demand for low-value cross-border payments, we asked consumers and SMEs in eight key markets what they value most when sending money abroad. Those markets were Australia, China, Germany, India, Saudi Arabia, South Africa, the UK and the US. Our participants spanned a mix of ages and genders, all held a bank account and made cross-border payments at least once a month.

Our key findings:

1. The key to becoming the payment provider of choice

When choosing a payment provider, consumers ranked security, trust and transparency as most important, while SMEs added one more factor to the list: the ability to embed a solution into their business software. Ultimately, customers want to know how much their transfer will cost, that it will arrive on time, and be able to track its progress. A provider that can meet these needs is more likely to capture the opportunity this market has to offer.

2. The payments experience customers want

Which factors might tempt a customer to take their business elsewhere? In our research, speed, ease of use and low fees were the top drivers for switching to another provider, while hidden fees and a lack of clarity on exchange rates and FX provoked the strongest feelings of negativity. If an experience is bad enough, it could cause a consumer or SME never to use that provider again.

3. A market full of opportunity

This is a market full of opportunities for providers that can meet their customers' needs. Providers should make the most of this opportunity to improve and innovate their offering to attract new customers, retain existing ones, and win back those who already have left.

The key to
becoming
the payment
provider of
choice

The key to becoming the payment provider of choice

What's most important to consumers?

Security, trust and transparency are the three most important factors for consumers when choosing a provider. Most customers won't know the ins and outs of a cross-border payment's journey so will want to trust that these complexities will be well handled by the provider they choose. They'll also want to know that their cash is in safe hands, kept away from fraudsters and cybercriminals. And finally, consumers don't like unpleasant surprises – it's important that their transfer is transparent and that all fees are displayed upfront. Interestingly, we found that transparency of fees and FX was consistently ranked as more important than the cost of a transfer itself.

According to our research, banks are more strongly associated with security and trust than alternative providers. They've built deep-rooted relationships with their customers and invested heavily in security standards that keep funds safe as they flow from country to country. With this in mind, it's no surprise that 81% of consumers and 87% of SMEs in our sample said they explore their bank's offering first when looking to make a cross-border payment.



Regional differences

There were some regional variations on the factors of importance – for example, Australian and Saudi Arabian consumers are far more FX-sensitive than those in other parts of the world.

Consumer data by region

Strength of drivers for choosing a payments provider vs global average

	AU	CN	DE	IN	SA	ZA	UK	US
Security	Above							
Trust	Above	Global	Above	Above	Above	Above	Above	Above
Transparency	Above	Above	Above	Above	Global	Above	Above	Global
Speed	Global	Above	Global	Above	Above	Global	Global	Global
Traceability	Below	Global	Global	Global	Below	Above	Global	Global
Ease of use	Global	Global	Global	Global	Below	Global	Global	Global
Fees	Global	Below	Global	Below	Global	Below	Global	Below
FX	Global	Below	Below	Below	Above	Below	Global	Below
Support	Below							
Cash in/out	Below							
Promotions	Below							

■ Above global average
 □ Global average
 ■ Below global average

What's most important to SMEs?

There were clear similarities between what consumers and SMEs expect from a payment provider. Security, transparency and payment process integration were seen as most important, with businesses in Australia and Germany ranking this last factor particularly highly.

Embedded finance matters

For SMEs, having everything they need to run their day-to-day operations in one place has the potential to make their lives a lot simpler. Our respondents made it clear that being able to send cross-border payments directly from a piece of software they frequently use, such as payroll or ERP, would be really valuable to them. With this in mind, developing direct or indirect relationships with accounting or cashflow software providers could allow players in this market to power SMEs' payments in the background and serve the needs of these businesses.

SME

Drivers for choosing an international payment provider



SME data by region

Strength of drivers for choosing a payment provider vs global average

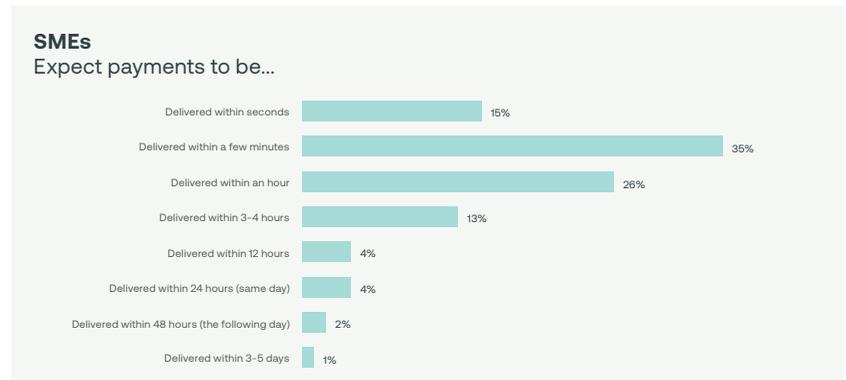
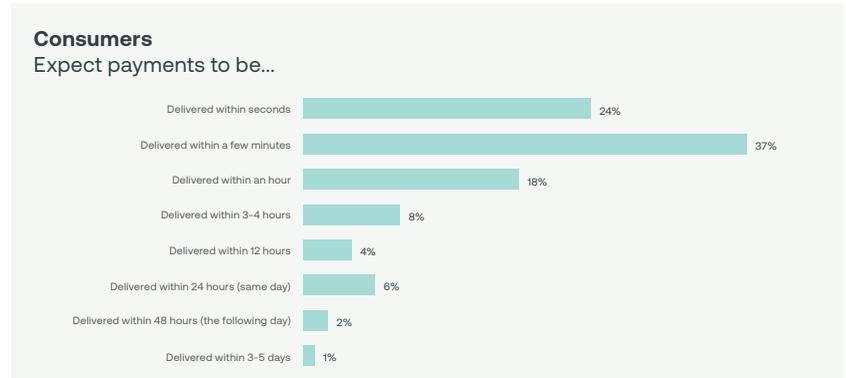
	AU	CN	DE	IN	SA	ZA	UK	US
Security	Below	Above						
Transparency	Above	Above	Above	Above	Global	Above	Above	Above
Integration	Above	Above	Above	Above	Global	Above	Above	Global
Trust	Global	Global	Above	Global	Above	Global	Above	Global
Traceability	Global	Global	Global	Global	Below	Global	Global	Global
Speed	Below	Global	Below	Global	Global	Below	Below	Global
Support	Global	Below	Global	Global	Below	Global	Below	Global
Ease of use	Global	Below	Below	Below	Below	Below	Global	Below
FX	Below	Below	Below	Below	Global	Below	Below	Below
Fees charged	Below							
Incentives	Below							

■ Above global average
 □ Global average
 ■ Below global average

The importance of speed

We're living in a world where same-day deliveries are a possibility, next-day deliveries are a must and those that take longer are feared lost. And these expectations easily transcend the world of retail, finding their way into other industries like cross-border payments too. But how important is it that payments are delivered to their end destination instantly? Our research found that on the whole, the majority of both groups expect transfers to arrive quickly, but only 24% of consumers and 16% of SMEs expect them to arrive instantly.

Looking at the data from consumers, 76% said they are happy if a provider is able to deliver a payment to its end destination within a few minutes or longer. But these expectations are likely to change as more domestic market infrastructures move to instant payments.



The payments
experience
customers
want

The payments experience customers want

The customer experience story is one that most people have heard before – how businesses that invest in transforming the frontends of their apps, websites or onboarding journeys are often able to develop better and more fruitful relationships with their customers. It's all about creating a user experience that's as simple as possible – a few clicks to order a new pair of shoes or a couple of taps to get your dinner on its way. And while it's a not a new concept, when it comes to cross-border payments that expectation still remains.

What matters most to customers?

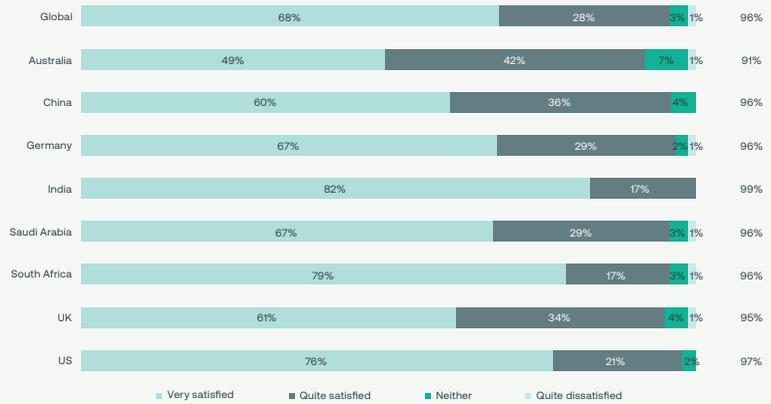
To get to the bottom of what makes the ideal payments package, we asked our sample how satisfied they were with their current provider and what features might tempt them to look elsewhere. The vast majority – 96% of consumers and 97% of SMEs – said they were happy with the provider they currently used, with little variation between those who used a bank vs a non-bank provider. But despite these high percentages, respondents also expressed some curiosity about what else might be on offer, with 75% saying they'd consider using an alternative.

So which factors might tempt someone to switch? Or encourage them to keep using their existing provider? The answer: speed, cost and ease of use. Consumers and SMEs named these three factors as most valuable to them. Both groups want their transactions to arrive on time, be reasonably priced in terms of fees and FX, and easy to send. Providers looking to attract new customers, win back old ones and compete with the huge number of other providers in the market should pay close attention to these factors.

Despite showing a clear interest in what other providers have to offer, only a third of our sample actually admitted to shopping around for the best deals when it comes to sending money abroad. Maybe customers lack the confidence to look elsewhere, or just find it more convenient to stick with what they know. Or maybe they've already settled with a provider that meets their needs. Whatever the reason, payment providers should be prepared for customer curiosity to grow in the coming years.

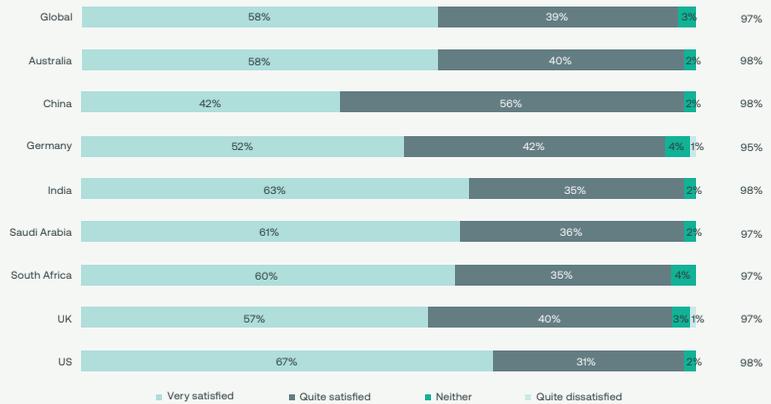
Consumer

Satisfaction with preferred provider (% satisfied)



SME

Satisfaction with preferred provider (% satisfied)

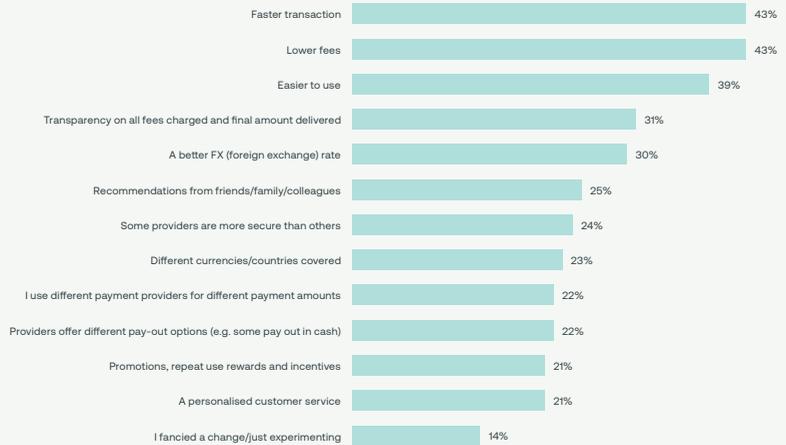


What else matters?

Alongside speed, cost and ease of use, there were a number of other factors that contributed to an attractive cross-border payment offering.

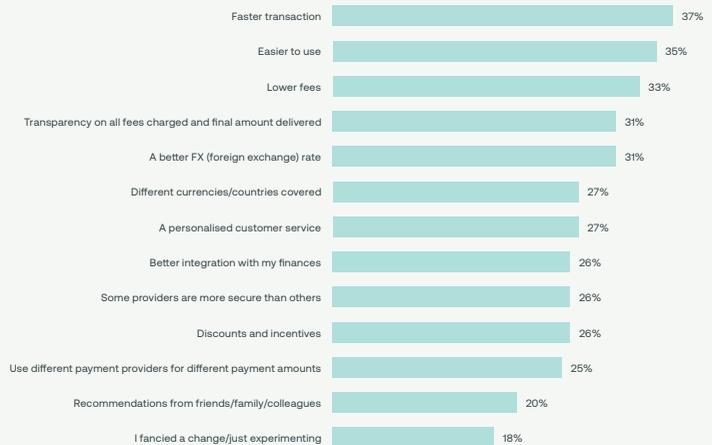
Consumer

Motivations for using more than one provider



SME

Motivations for using more than one provider



Going, going, gone: What keeps customers from coming back?

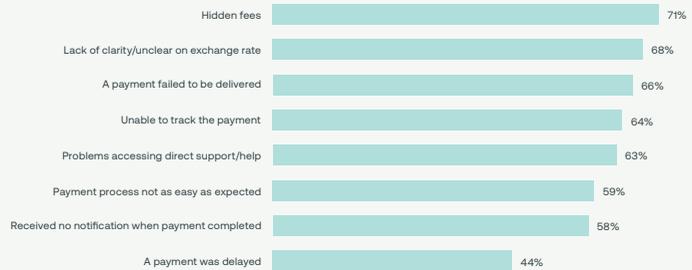
While it's important to know what customers value most in a cross-border payments experience, it's also essential to understand the things that leave them dissatisfied or frustrated. If bad enough, that experience could mean that a customer never uses that provider again, leaves negative reviews or spreads the word among their friends or fellow business owners.

So what should providers make sure customers never experience when sending money abroad? Both consumers and SMEs ranked these as their top three reasons for never using a provider again: hidden fees, a lack of clarity on exchange rates, and delivery failure. In fact, hidden fees evoked an even stronger reaction than a payment not arriving at all.

These reactions were most strongly felt across China, Germany and South Africa, and highlight that just one bad experience could cause a lifelong customer to take their business elsewhere. The good news? A lot of the issues that invoke the most negative feelings in customers are quite easily solved. For example, displaying all fees upfront, providing clear information on exchange rates, or adding the ability to track payments are all things that can be addressed through frontend tweaks, and could help providers make the most of the opportunity this market has to offer.

Consumer

Would not use again after experiencing...



SME

Would not use again after experiencing...



A market full of opportunity

A market full of opportunity

This is a competitive space – one that's seen new players take advantage of consumers' and SMEs' increasing appetite to move money abroad. Providers should make the most of this opportunity to attract new customers, retain existing ones, and win back those who already have left.

Every day is an opportunity to improve and innovate. Insights from our research highlight several areas where providers can improve to offer consumers and SMEs a better cross-border payments experience. From tweaking their frontend systems to introduce more transparency on fees, FX and the status of a payment, to ensuring transfers always arrive in a matter of minutes. Based on our research, investments like these would pay dividends.

The future of cross-border payments is full of opportunity, and providers that act today can cement themselves firmly in the centre of this market for many years to come.

Want to know more?

Nobody likes waiting ages for a payment to arrive. Or finally receiving it, only to find that it's less than they were expecting. Swift Go puts these problems in the past, enabling your consumer and SME customers to send quick and easy cross-border payments straight from their bank account.

Take advantage of this booming market – upgrade your offering with a solution that keeps your customers coming back over and over again.

To learn more, visit www.swift.com/go.

The details: How we did it

This research was completed on 29 December 2022. In total, we surveyed 4,205 consumers and 2,720 SMEs across eight key markets: Australia, China, Germany, India, Saudi Arabia, South Africa, the UK and the US. Participants completed a blind online questionnaire through global market research agency, Savanta.

We spoke to 4,205 consumers

Gender*

- 51% identified as male
- 48% identified as female

Age

- Boomers, aged above 58: 3%
- Gen X, aged 42-56: 17%
- Millennials, aged 25-41: 65%
- Gen Z, aged under 25: 15%

Frequency

- The majority of our sample (55%) make international payments every 2-3 weeks, or more
- 20% make payments at least once a week

Use cases

- Nearly 60% primarily make transfers to send money home to friends or family
- Other popular reasons included paying for goods, services, travel or accommodation



We spoke to 2,720 SMEs

Business size

- Under 50 employees: 25%
- 50-149 employees: 45%
- 150+ employees: 31%

Business nature

- All respondents were involved in finance management, accounting and /or payment administration
- 83% of businesses sell products or services internationally
- 71% actively used online marketplaces

Frequency

- Nearly 50% made international payments at least once a week

Use cases

- Over half of businesses make international payments to pay suppliers
- Just under half make payments for goods or raw materials



About Swift

We're the global specialist in financial transactions – the way the world moves value across borders, through cities and over seas. We keep funds flowing, supply chains moving and the world's economies turning. No other organisation can address the scale, precision and trust that this demands.

We're unique too: a neutral cooperative established to provide a safe, secure and reliable way for the financial community to send transactions across borders. We're always striving to be better and are constantly evolving in an ever-changing landscape. We innovate tirelessly, test exhaustively, then implement fast. In a connected and challenging era, our mission has never been more relevant.

