



**Innovating Cross-Border Payments: Innovation Drivers, a PYMNTS and Visa collaboration,** provides an overview of the most pressing cross-border payments frictions businesses in the United States and the United Kingdom face. Our analysis draws from a survey of 456 decision-makers from businesses across 22 industries to determine the most common frictions they face when transacting across borders and the digital innovations they plan to implement to mitigate these frictions.

# INNOVATING CROSS-BORDER PAYMENTS

This study of a representative cross-section of 456 businesses in the U.S. and U.K that all sent and received payments from abroad was conducted between Nov. 12, 2020, and Dec. 4, 2020, and serves as a useful insight into the issues that keep cross-border trade from flowing as seamlessly as it could. It also acts as a useful guide into what decision-makers say they need to truly seize the cross-border opportunity.

# INNOVATING CROSS-BORDER PAYMENTS



## INNOVATION DRIVERS

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# INTRODUCTION

Payment decision-makers are often tasked with making difficult choices about the technological innovations that can yield the highest returns for their businesses. Decisions surrounding innovations that can help improve cross-border payments are no exception.

PYMNTS' research shows that smaller businesses are most concerned about cross-border payments falling victim to fraud or theft, for example, while larger businesses (those generating between \$500 million and \$1 billion in annual sales) tend to consider cost above all else. There are also stark differences between how businesses headquartered in the United Kingdom and the United States prioritize

their innovations, but it is clear that both are looking to implement solutions that meet the diverse needs of their various international suppliers.

In *Innovating Cross-Border Payments: Innovation Drivers*, PYMNTS, in collaboration with Visa, examines the key motives that drive U.K. and U.S. businesses to invest in cross-border payments innovations. We surveyed 456 payment decision-makers from 22 industries in the U.S. and U.K. markets.

**This is what we learned.**

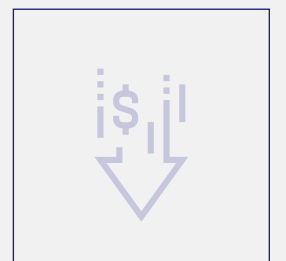


**Cost reduction, enhanced cash management and fraud protection are the three primary benefits that businesses believe cross-border payments innovation can deliver.**

U.S. businesses are prioritizing cash flow management, while U.K. businesses are focusing on curbing costs.

**P**ayments innovations such as real-time payments, AR and AP automation and virtual cards can enhance many aspects of businesses' cross-border payments processes, and the businesses that invest in them often do so with specific operational goals in mind. These goals tend to vary depending on whether the international business is headquartered in the U.K. or the U.S.

One of the chief benefits that surveyed U.K. and U.S. businesses believe cross-border payments innovation can provide is cost reduction, for example. This benefit is more commonly cited by U.K. businesses. Sixty-two percent of U.K. businesses believe that reducing the cost of cross-border operations is one of the key benefits of innovation in this area, a benefit also cited by 54 percent of U.S. businesses.

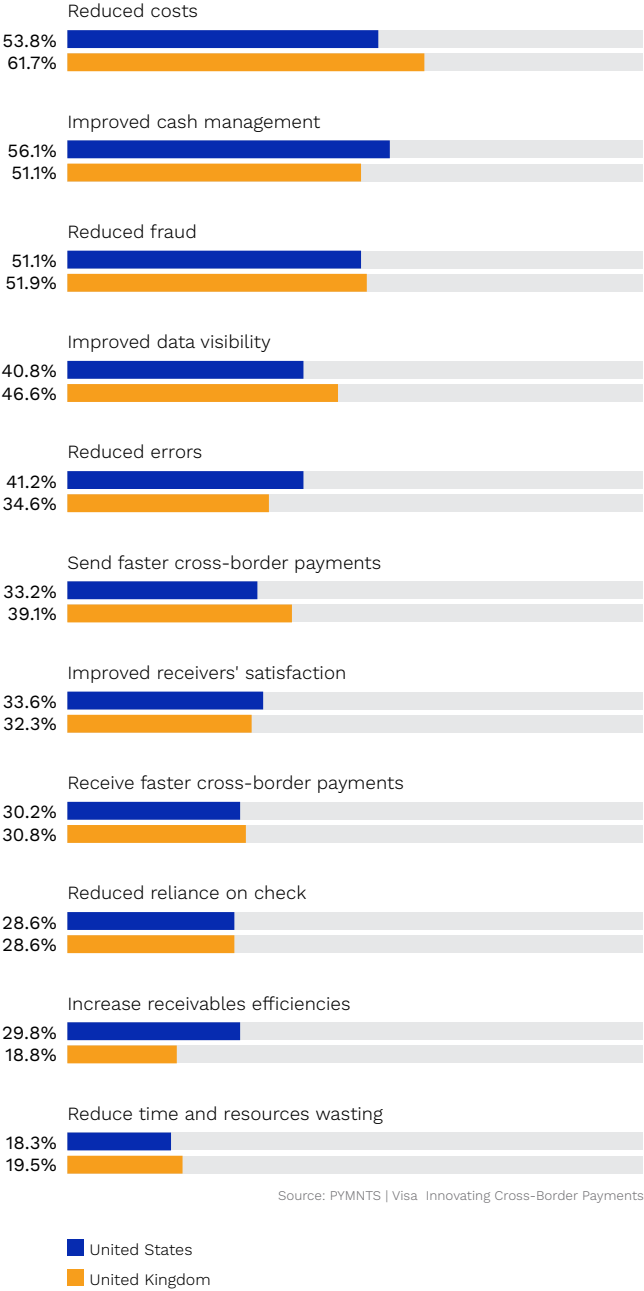


#### **COST REDUCTION**

The most common benefits that businesses hope cross-border innovation will yield is reduced cost.



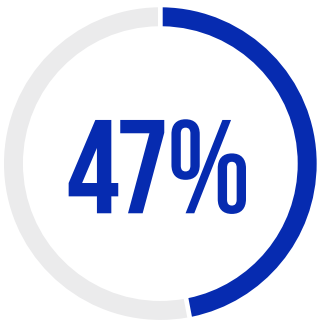
**FIGURE 1:**  
**Which benefits businesses in different countries expect to reap by enabling various payments innovations**  
Share of surveyed businesses planning cross-border payments innovations that expect them to yield select benefits, by country



U.S. businesses are most likely to see innovations that enhance their cash management capabilities and those that help reduce costs as beneficial. Fifty-six percent of U.S. businesses see enhanced cash management capabilities as a benefit of cross-border payments innovation, compared to 51 percent of U.K. businesses.

There are two additional benefits in which U.S. businesses express more interest than U.K. businesses: reduced errors and enhanced account receivables (AR) efficiency. Nineteen percent more U.S. than U.K. businesses in our survey cite reduced errors as one of innovation’s key benefits. U.S. businesses are also 59 percent more likely than those in the U.K. to see enhanced AR efficiency as a key benefit of innovation.

U.K. businesses also stand out for the importance they place on improving cross-border transparency and the speed at which they are able to pay their suppliers. Fourteen percent more U.K. businesses than U.S. businesses cite improved transparency as an expected benefit of innovation, for example. U.K. businesses are also 18 percent more likely than U.S. businesses to invest in innovations that can help them pay their suppliers faster.



Forty-seven percent of U.K. businesses expect cross-border payments innovation to improve their data visibility.



**RECEIVER SATISFACTION**

Roughly one third of U.S. and U.K. businesses hope that cross-border innovation can help them improve receiver satisfaction.

Push payments and digital wallets are among the two most common types of innovations that businesses plan to implement for making payments, regardless of the geographic areas to which they make cross-border payments.

Automating payables is most commonly cited as an innovation priority for U.S. and U.K. businesses making payments to business partners in South America.

Enabling business partners to choose how they would like to receive payments is the top priority for U.S. and U.K. businesses making cross-border payments to South Asia.

**Larger businesses place a premium on payments innovations' cost-reduction potential, while smaller businesses want innovations that can help mitigate the risk of payment fraud.**

**B**usinesses of different sizes tend to invest in cross-border payments innovations with different benefits in mind. Larger businesses (those generating between \$500 million and \$1 billion in annual sales) are chiefly concerned with reducing the cost of making and receiving cross-border payments, for example, with 61 percent citing this as one of the benefits they expect to reap from such innovations.

Fifty-five percent of both mid-sized businesses (those generating between \$100 million and \$500 million in annual sales) and smaller businesses (those generating between \$50 million and \$100 million in annual sales) cite cost reduction as a benefit they hope to gain from cross-border payments innovation, by contrast.

Larger businesses are also the most likely of any size group to see rapid supplier payments, reduced reliance on checks and enhanced AR efficiency as benefits to be gained from cross-border payments innovations.



#### **RAPID SUPPLIER PAYMENTS**

Larger businesses are the most likely of all to believe cross-border innovation can help them pay their suppliers more quickly.



**TABLE 1:**  
**Which benefits businesses of difference sizes expect to reap by enabling various payments innovations**  
Share of surveyed businesses planning cross-border payments innovations that expect them to yield select benefits, by annual revenue

	\$50M-\$100M	\$100M-\$500M	\$500M-\$1B
• <b>REDUCED COSTS</b>	54.7%	55.1%	60.8%
• <b>IMPROVED CASH MANAGEMENT</b>	54.7%	54.0%	54.9%
• <b>REDUCED FRAUD</b>	64.2%	45.5%	51.0%
• <b>IMPROVED DATA VISIBILITY</b>	30.5%	46.5%	47.1%
• <b>REDUCED ERRORS</b>	45.3%	35.4%	40.2%
• <b>SEND FASTER CROSS-BORDER PAYMENTS</b>	24.2%	37.9%	40.2%
• <b>IMPROVED RECEIVERS' SATISFACTION</b>	37.9%	29.8%	35.3%
• <b>RECEIVE FASTER CROSS-BORDER PAYMENTS</b>	24.2%	32.8%	31.4%
• <b>REDUCED RELIANCE ON CHECK</b>	23.2%	27.3%	36.3%
• <b>INCREASE RECEIVABLES EFFICIENCIES</b>	17.9%	27.8%	30.4%
• <b>REDUCE TIME AND RESOURCES WASTING</b>	18.9%	20.2%	15.7%

■ Lowest  
■ Highest

Source: PYMNTS | Visa | Innovating Cross-Border Payments

Smaller businesses stand out as being the most concerned with innovations’ potential to mitigate fraud risk. Sixty-four percent of the smaller businesses in our survey said they believe that reduced fraud risk is one of the chief benefits of cross-border payments innovation. This is far more than the 51 percent of larger businesses and 46 percent of mid-sized businesses that said the same.

Reduced errors and improved payee satisfaction are also among the cross-border innovation benefits anticipated by the smaller businesses in our survey.

The only innovation benefits that mid-sized businesses are the most likely to cite are faster payments receipt and reduced employee resources — and even then, only slightly so.



# CONCLUSION

U.K. and U.S. businesses with international customers and suppliers are eager to improve the speed, efficiency and security of the cross-border payments that have become central to their success, with each business across the board prioritizing innovations that address the unique payments frictions they face. Smaller businesses and those headquartered in the U.S. are most focused on mitigating the risk of payment fraud, while larger businesses and those headquartered in the U.K. tend to place more value on innovations' cost-reduction potential. Still others hope that innovation will make their cross-border payments processes more transparent and efficient. This diversity not only illustrates the operational shortcomings international U.K. and U.S. businesses are most eager to alleviate but also underscores how instrumental they believe cross-border payments innovations are to enhancing their businesses and optimizing their potential.

## METHODOLOGY

PYMNTS surveyed 456 decision-makers at businesses located throughout the United States and the United Kingdom in November 2020 and December 2020 to learn about the most common frictions they experience when making and receiving cross-border payments and how those frictions impact their days sales outstanding. We asked respondents about the types of digital innovations they plan to enable in the next three years to help alleviate these frictions to provide an overview of surveyed businesses' three-year cross-border innovation agendas. [Innovating Cross-Border Payments: What US And UK Businesses Need To Know](#) details the findings of our extensive research. Respondents hailed from businesses in 22 different industries, including educational services, utilities, real estate and transportation. Responses were limited to professionals with employment at businesses with more than 10 employees and generating annual revenues of between \$50 million and \$1 billion. Only respondents whose businesses made or received cross-border B2B payments were included in our final sample.

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# ABOUT

## PYMNTS.com

**PYMNTS.com** is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

## VISA

Visa Inc. (NYSE: V) is the world’s leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network — enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world and is capable of handling more than 65,000 transaction messages a second. The company’s relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device, for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information, visit [usa.visa.com/about-visa](https://usa.visa.com/about-visa), [visacorporate.tumblr.com](https://visacorporate.tumblr.com) and [@VisaNews](https://twitter.com/VisaNews).

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