

## Could you be getting a better payments service?

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*New research suggests that corporates could be doing more to make the most out of innovation in the payments space. Instead, they are putting up with higher transactions costs, FX fees and slow payment processing.*

As international trade has increased, traditional cross-border bank transfers have been joined by other alternatives when making cross-border payments – fintechs have been ramping up their offerings, for example.

But despite innovation, new research suggests that some businesses are still putting up with sub-standard services.

“We wanted to know if companies are aware of the alternatives or simply sleepwalking through the process, paying high fees for foreign exchange rates and slow transfers,” says Anders la Cour, Chief Executive Officer of Saxo Payments, a global transactions services provider.

Saxo Payments therefore conducted research among issuers, acquirers, payment service providers (PSPs) and merchants, launched in a white paper at the Money2020 Europe conference in April, into the cross-border payments industry covering issues such as speed of money transfer, fees and FX rates.

The results revealed that 63% were not satisfied with how long international transfers take to arrive the recipient's account and only 38% believe they are getting competitive FX rates from their current provider.

But a third of respondents haven't explored the other options available to them.

“Companies are too embroiled in day-to-day tasks. This is making it hard for them to see – or make the time to find out about – the bigger picture, to realise they could get a better payments service. This could be a mistake for many businesses, as there are big savings to be made both in lower fees and more effective use of resources by switching provider, or indeed using a number of suppliers to provide the best possible solution to meet the individual requirements of the company,” says la Cour



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## Exposing the benefits

But la Cour says there are reasons to be optimistic. The survey indicated that businesses would be willing to switch providers – if they could see the benefits.

Nearly 80% said that if they found a solution which cost less, they would change payment provider. Sixty-three percent also said that if a service provider offered faster transactions, this would encourage a move.

“The most exciting part, for us, is the high proportion of respondents who recognise the opportunities of newer and lesser-known providers, and would be willing to employ one if it meant a better and cheaper service. Again, the reason they have not yet made that move is the lack of time to research alternatives, rather than a lack of alternatives,” says Saxo Payments’ la Cour.

What’s more, as competition increases – from fintechs, digital offerings from banks and technology providers like Apple – la Cour says it can only be good news for treasurers.

## Innovation matters

When asked whether innovation should matter to treasurers, la Cour admits that, of course, their priority is that payment systems work well consistently but “innovation is what will drive continued progress”.

There is an aspect of mutual understanding necessary then. Whilst all the talk of innovation and game-changing can be off-putting for the corporate treasurer who, as this study shows, is limited in the amount of time he or she can devote to investigating the latest offerings, it is in their interest to engage in innovation.

Saxo Payments’ Banking Circle for example, offers members (card acquirers, PSPs, FX payment providers) the chance to offer global banking services to their merchants. Advantages include: instant opening of IBAN accounts in 25+ currencies using SWIFT, low-priced FX and high speed transfers.

As another example, Hanse Orga recently announced the introduction of ‘HO Global Format Integrator’, co-developed by Deutsche Bank. Offered as a “plug & play” solution, it will provide client with pre-tested templates for ISO 20022 XML and reduce the effort for integrating transaction service into the SAP system. The aim: to shorten the implementation phase for payment transaction messages.

If the industry – banks, fintechs and others – keeps up a consistent focus on faster and simplified payment processes, the future of cross-border payments is sure to be bright. More than anything, though, it is up to treasurers to make the most of innovation.