



the payments association



Navigating the next wave of cross-border payments: Can innovation conquer the challenges ahead?

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Executive summary

Dr. Ruth Wandhöfer

CEO & Founder, Industry Expert, NED Professor
Leximar Advisory

This white paper explores the transformative evolution of cross-border payments, examining inefficiencies in traditional correspondent banking and assessing how emerging digital infrastructures and technologies are reshaping the global payments landscape.

It outlines key user groups, from corporates to individuals, and underscores the vast scale of global cross-border payments, which reached nearly \$1 quadrillion in 2024. Challenges such as FX volatility, restricted liquidity, regulatory fragmentation, and slow settlement times are examined alongside the ongoing decline of correspondent banking relationships and increasing compliance burdens.

The paper highlights innovation through fintech partnerships, blockchain-enabled solutions, and the adoption of stablecoins to improve speed, transparency and cost-efficiency. It also considers how next-generation shared platforms, aligned with central bank settlement principles, could help overcome many of the interoperability and compliance challenges that persist in today's global payment networks.

Finally, it calls for coordinated action to embrace new technologies, enhance regulatory harmonisation, foster partnerships and prioritise security to build a faster, more inclusive and resilient global payments system.





Foreword

Gary Palmer
CEO & Founder
Payall Payment Systems

I'm delighted to write this foreword to one of the most informative, comprehensive and independent white papers on cross-border payments you'll find. Dr Ruth Wandhöfer's work reads like a concise extract of a masterclass that all interested in the subject would benefit from.

Readers will learn how money moves globally, the regulatory and central bank impact, and evolutionary developments – notably recent actions, as well as some references to press-hyped changes at incumbents and the capabilities and strategies of new players. And pointedly, the key challenges banks and their SME customers have experienced with cross-border payments.

Although we'll never all agree with every point, Ruth's objectivity is refreshing. She refuses to join a tribe or promote one technology over another. It would be easy, if not safe and expected, to jump on the stablecoin and blockchain bandwagon as industry disruptors. Instead, Ruth calls out the disproportionate use of stablecoins for nefarious acts and acknowledges legitimate use cases.

In contrast, the paper provides insights into an alternative technology – the single shared platform technology used by central banks globally. She shares how this familiar and trusted technology can be materially enhanced to address the deficiencies in the classic correspondent banking paradigm (as well as support stablecoins!).

From a differing viewpoint, given the divergent interests and motivations behind how regulations and laws are passed around the world, my belief is that bankers, entrepreneurs, tech providers and others can forget about global alignment. This has been a dream and recurring mantra for decades, even as we see more divergence. And it's more than unrealistic – it's simply unnecessary, because technology can bridge disharmony in domestic or regional regulations, disparate rules and technical protocols, and enable safe, transparent, fast and low-cost cross-border payments.

Finally, continuing the need for purpose-built technology, Dr Wandhöfer makes it clear that regardless of how money – whether fiat, digital currency or digital assets – moves through correspondent banks, across shared ledger systems or distributed ledgers and through payment networks, one fact remains: the foundation and data must be authenticated, secure and trusted – and this means new technology.

Get ready – this is a signal-rich paper; there's no noise to dilute or colour the learnings.

Introduction

This white paper delivers a forward-looking analysis of how innovations in cross-border payments are revolutionising international payments for the small and medium enterprise (SME) sectors.






The paper investigates existing inefficiencies, contrasts stablecoin and correspondent banking paradigms, and spotlights the roles of banks, fintechs and new entrants reshaping payment flows. Drawing from expert research and workshops, it offers actionable guidance for corporates, financial institutions, regulators, and payment providers that are navigating the rapidly evolving payments landscape.

Setting the scene: cross-border payments

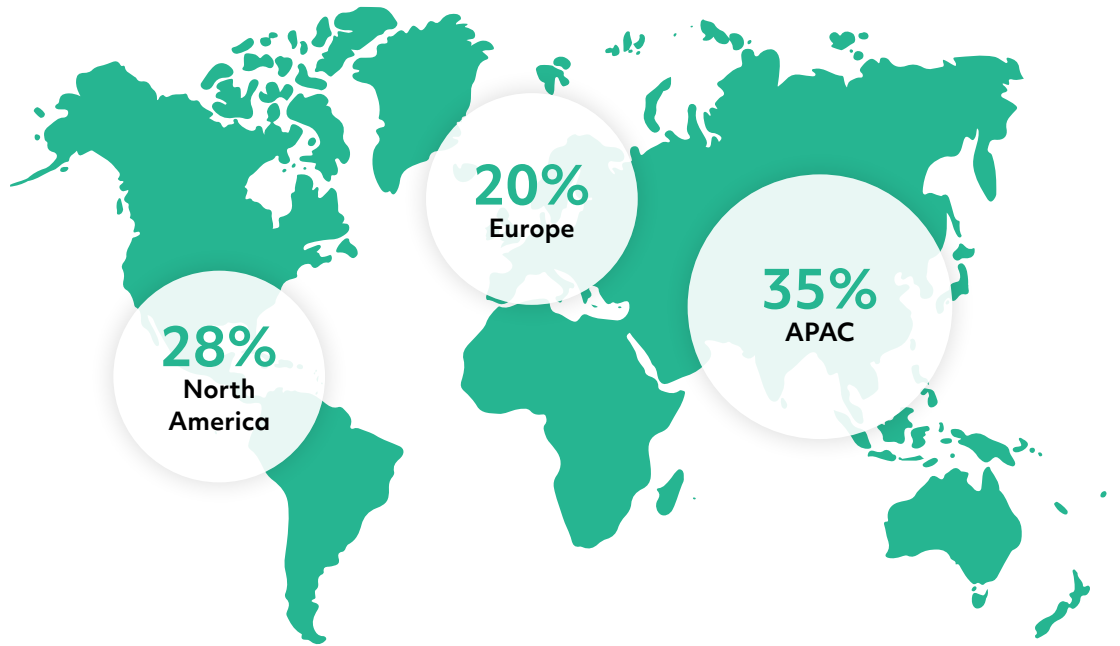
Cross-border payments are financial transactions in which the payer and the recipient are based in separate countries, typically involving currency conversion and settlement via banks, payment networks, fintech platforms, or other intermediaries. These payments encompass both wholesale transactions – between institutions or corporates for trade, capital flows, and investments – and retail – person-to-person remittances, e-commerce, salaries, benefits, and supplier payments. Cross-border payments are essential to global commerce, migration and financial inclusion, underpinning trillions of pounds in annual value flows and supporting a diverse ecosystem of institutions, businesses and individuals worldwide.

Who uses cross-border payments?

We can broadly identify five key categories of cross-border payment users.

-  **01** Corporations and SMEs use cross-border payments in the context of international trade, supply chain payments, payroll, vendor, and business-to-business (B2B) settlements.
-  **02** Financial institutions support customer remittances, FX trading, and interbank lending.
-  **03** Governments and non-governmental organisations (NGOs) facilitate aid flows, cross-border grants, and trade agreements.
-  **04** Individuals pay across borders for purposes such as migrant remittances, e-commerce purchases, international tuition, and consumer-to-consumer transfers.
-  **05** Marketplaces and platforms leverage cross-border payments for payouts to global sellers, gig economy payments, and digital service providers.

Regional share of global cross-border payment flows (2024)



e-commerce cross-border payments reached **\$6.5 trillion** in 2024,



fintech and digital platforms are gaining ground, resulting in bank-centric payments dropping to approximately **30%** of total retail volumes.

The size of cross-border payments

The global cross-border payments market reached nearly \$1 quadrillion in value in 2024, including both traditional and crypto payments. Annual payment transaction volumes were \$194–\$212 trillion in 2024, projected to exceed \$320 trillion by 2032. Wholesale payment flows (corporate and interbank) account for approximately 92–95% of the value, while retail flows (consumer, SME, e-commerce, and remittance) contribute \$45–\$60 trillion annually. APAC leads in transaction volume with ~35% global share, followed by North America and Europe.

Notably, while e-commerce cross-border payments reached \$6.5 trillion in 2024, fintech and digital platforms are gaining ground, resulting in bank-centric payments dropping to approximately 30% of total retail volumes.



Challenges with cross-border payments

Correspondent banking



The traditional cross-border payments landscape, primarily focused on the wholesale payment space, is still dominated by correspondent banking. Approximately 11,000 financial institutions are connected through SWIFT for correspondent banking. These institutions are spread across more than 200 countries and territories, making SWIFT the largest network for correspondent banking globally. The correspondent banking network facilitates cross-border payments, with the connected banks exchanging extensive financial messaging that underpins international financial transactions.

The first point to note here is the term 'messaging'. Because currency rarely leaves its country of origin (unless in the form of paper money), the world of cross-border payments is a world of messages, information, and data. There is no money travelling - only information about 'I owe you'. Payment instructions are sent and received, while payments and payouts occur at the sending and receiving country levels in their respective local currencies.

This brings us to the second point to note, which is foreign exchange (FX). Over half of the world's cross-border payments – 53.4% of financial institution flows and 55.1% of customer flows – still use USD as the intermediary currency in 2024, and this share remains stable in 2025. The USD is dominant in both payment volume and value globally, with its use as an intermediary currency most prevalent outside intra-European transactions (as inside Europe, the euro leads). This means that for more than half of cross-border transactions, the initiating currency is converted into USD to be then converted at the receiving end back into the local currency of the beneficiary. In this process, limited access to fiat liquidity can hinder the speed and efficiency of international payments, particularly in areas where correspondent banking corridors are weak or underdeveloped. Furthermore, FX volatility introduces considerable risk to cross-border transactions, often leading to unexpected costs or delayed settlements. Funding gaps – caused by multi-currency complexities – add further friction and slow down the seamless movement of capital across borders. These inefficiencies can result in higher transaction costs and operational uncertainties.

The above results in slower settlements, increased costs, and reduced transparency for parties seeking real-time or cost-effective cross-border solutions. Resolving these issues is essential to building a more inclusive, predictable global payments infrastructure.

Another challenge is that, following the financial crisis, the prudential regulatory regime for banks tightened significantly under Basel III, increasing the cost and complexity of correspondent banking by imposing stricter capital and liquidity requirements and amplifying compliance obligations. These rules directly impact the economics and efficiency of correspondent arrangements by requiring banks to hold more capital and invest account balances in high-quality liquid assets, thereby reducing potential income from correspondent banking relationships and leading to lower, zero, or even negative returns for these services.

Stricter liquidity rules (such as the Liquidity Coverage Ratio under Basel III) mean that balances held by correspondent banks can no longer be used for lending or investment, forcing banks to treat these balances as “flighty” and restricting their utility, which further increases the cost to serve these accounts.

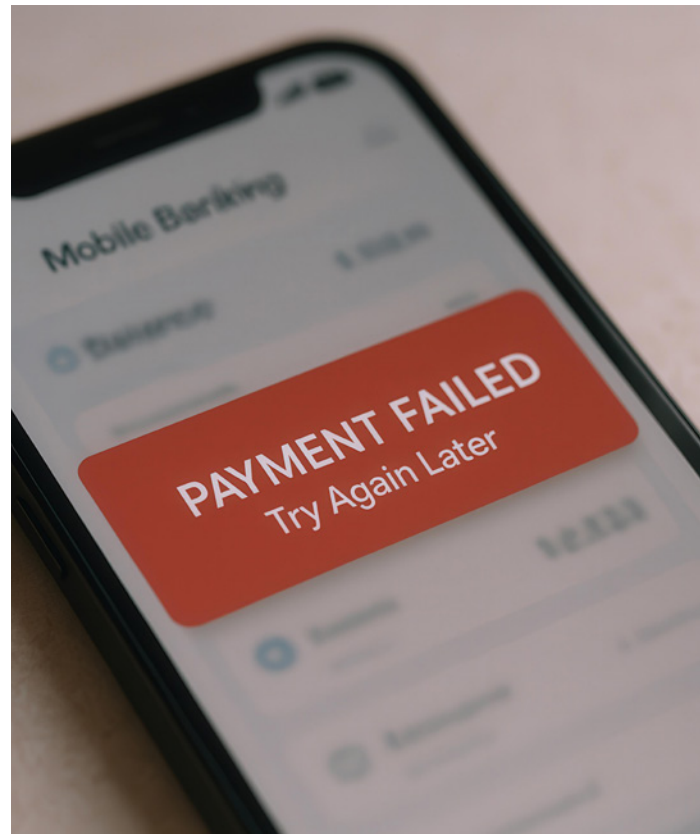
Some institutions must absorb significant operational costs for due diligence and compliance, including possible ‘Know Your Customer’s Customer’ (KYCC) requirements, which increases complexity and uncertainty.

Modern regulatory expectations encourage greater standardisation and technological innovation to streamline compliance and due diligence, which can improve efficiency in processing. However, the required investments are expensive and are justified only by larger-volume businesses or low-risk jurisdictions. The increased burden and fragmentation risk can limit smaller and riskier banks’ access to global payment networks, reducing overall market competition and efficiency, with a direct knock-on effect on SMEs and smaller corporates.

The phenomenon of de-risking

Over the last decade, the number of active correspondent banking relationships worldwide has declined by approximately 20–25%. This phenomenon – often called ‘de-risking’ – was especially pronounced from 2011 to 2019, with a drop of 22% in global relationships and even sharper falls in emerging market and small island economies, where declines exceeded 30–40% in some regions.

While the overall message volume in global payments has grown, the network of correspondent banks has become significantly more concentrated, with fewer banks controlling a larger share of corridors. The Americas (excluding North America) saw a 30% decline in active relationships since 2012, while advanced economies recorded a drop of about 23% and small island states up to 41%. By 2019, some regions, such as Oceania, were losing up to 6% of their relationships per year.



Over the last decade, the number of active correspondent banking relationships worldwide has **declined by approximately**

20–25%.





“Innovation without regulatory capability is not just frustrating; it’s dangerous.”

Gary Palmer, CEO & Founder, **Payall Payment Systems**

The main drivers of this de-risking trend can be attributed to stricter anti-money laundering and counter-terrorism financing (AML/CFT) regulations, rising compliance costs that outstrip revenues for low-volume corridors, and heightened legal risks and regulatory penalties. It doesn't help that regulators and supervisors cannot digitise their workflows, which means they can't effectively oversee or audit with software, detect data patterns, or act in real time to intervene. This in itself becomes a systemic vulnerability.

By 2024-2025, the global correspondent banking network will have shrunk further, particularly affecting trade finance, remittance channels and financial inclusion in vulnerable countries. The World Bank and Bank of International Settlements (BIS) data highlight that although core payment infrastructure remains robust for major economies, many smaller banks and countries are increasingly at risk of exclusion from the formal financial system as this rationalisation continues. To bring further innovation to correspondent banking, at SIBOS 2025, SWIFT announced that it is building a blockchain-based shared ledger, in partnership with ConsenSys. SWIFT expects to bring its financial messaging infrastructure into the digital age with this move.



Innovation trends in cross-border payments

Cross-border payments are ripe for innovation, with recent trends showing rapid adoption of new technologies across FX, fiat payment networks and stablecoin solutions - alongside emerging shared infrastructures that promise to further enhance efficiency and resilience for SMEs.

Key innovations shaping cross-border liquidity access - including stablecoins, next-generation fiat rails, and advanced FX solutions - are building on these emerging shared infrastructures and driving greater efficiency in international SME payments. Central banks, fintechs, and new market entrants are leveraging this evolving ecosystem to address longstanding inefficiencies in FX pricing, fiat liquidity access, and infrastructural limitations, creating more effective ways to move and manage cross-border funds.

For example, Wise utilises a multi-currency account structure paired with local clearing access to offer real-time FX conversion at competitive mid-market rates, helping businesses save on costs. Visa's FX solutions embed smart routing and real-time FX execution directly at the transaction point for financial institutions, streamlining operations. Mastercard's cross-border services aggregate a vast network of banks, wallets and payout partners to facilitate seamless multi-currency transfers for both business-to-business (B2B) and business-to-consumer (B2C) transactions. In the Asia-Pacific region, Ripple and Trango harness blockchain technology to overcome liquidity and settlement challenges, particularly in markets with restricted access to USD liquidity.



endava

“Given the complex landscape of legacy systems and payment innovation running in parallel, the focus on industry agnostic payment orchestration is critical, giving users flexibility and choice to unlock efficiencies.”

Matt Williamson, SVP & Industry Principal, **Endava**

The role of tokenisation

Another critical innovation in payments is tokenisation: the process of generating and recording a digital representation of a traditional asset – say money – on a programmable platform, often using distributed ledger technology (DLT). These digital tokens represent ownership or claims on the underlying assets; for example, a tokenised deposit – a commercial bank money claim or a tokenised central bank deposit – a central bank money claim.

The Bank for International Settlements (BIS) views tokenisation as a transformative innovation that can fundamentally reshape the monetary and financial system by integrating central bank reserves, commercial bank money and government bonds on a unified programmable ledger.



Tokenisation merges messaging, reconciliation and settlement into a seamless operation, enhancing efficiency and enabling synchronous asset exchanges that reduce delays and manual interventions. Tokenised platforms can enable continuous 24/7 market operations, allowing central banks to apply programmable smart contracts for real-time monetary policy adjustments and back-office automation.

The BIS acknowledges challenges such as interoperability with legacy systems and fragmentation, but is actively collaborating with central banks and private sector partners through pilot projects like Project Agorá and Project Pine to develop and implement tokenised financial infrastructures.

The arrival of stablecoins

Stablecoins entered the stage in 2014 with BitUSD, a crypto-collateralised token on BitShares, followed soon by NuBits (algorithmic) and Tether (USDT), the first widely adopted fiat-backed stablecoin.



Among organisations currently using stablecoins, 41% reported cost savings of at least 10%, primarily in B2B cross-border payments using USD-denominated stablecoins.

USDT's model set the standard for subsequent stablecoins, and decentralised options like DAI arrived in 2017, with fully regulated fiat-backed coins like USDC appearing in 2018. Key milestones include explosive growth in Tether's supply (from \$4 billion in 2020 to \$150 billion in 2025) and the regulatory recognition of USDC. The major failure of algorithmic stablecoin TerraUSD in 2022 led to market-wide scrutiny of stablecoin reserve models and risk management.

Global stablecoin adoption has soared in the last few years. Unique wallet addresses increased from 350 million in 2023 to over 500 million as of Q3 2025, signalling deep penetration in both developed and emerging markets. During the first half of 2025, more than \$8.9 trillion of stablecoins have been transacted on-chain. Monthly stablecoin trading volumes are now averaging \$1.48 trillion, a 27% year-on-year increase. Stablecoin supply forecasts suggest USD 1.9 trillion (base case) to \$4 trillion (aggressive scenario) by 2030.

Stablecoins have already spread from pure crypto market activity to satisfy more traditional payment needs. Among organisations currently using stablecoins, 41% reported cost savings of at least 10%, primarily in B2B cross-border payments using USD-denominated stablecoins.

Another use case, where stablecoins are becoming a big discussion topic, is their deployment for institutional treasury operations in the context of high-value cross-border payments.

The stablecoin market is highly dynamic, with 19 new stablecoins that have been launched globally in the first half of 2025, ranging from fiat-backed to crypto-backed and tokenised asset models. Tokenised real-world assets settled via stablecoins have surpassed \$10 billion in 2025, and JPM expects that stablecoins may drive an additional \$1.4 trillion in dollar demand by 2027.

Regulatory Dimension for Stablecoins

Stablecoins accounted for approximately 63% of all illicit cryptocurrency transaction volume in 2024, making them the predominant asset used for financial crime within crypto spaces. Despite illicit transactions constituting a small fraction of overall on-chain activity (around 0.14%), the absolute dollar value is substantial, with illicit crypto activity potentially surpassing \$51 billion in 2024. Notably, a significant share of these illicit stablecoin transactions is linked to sanctions evasion, money laundering, and other criminal uses, particularly involving dollar-pegged tokens like Tether (USDT) on blockchains such as TRON.

In response to this situation and to provide for safe and compliant stablecoin circulation, regulatory regimes for stablecoins (and digital assets more broadly) are coming to the fore. Below are a few highlights on the regulatory context for Europe, the United States and the UK.



European Markets in Crypto-Assets Regulation (MiCAR)

MiCAR, in force since January 2025, represents a unified legal framework introduced to govern crypto asset issuance and service provision across all 27 EU member states, replacing fragmented national regimes with a single authorisation and passporting system for crypto firms. Crypto-Asset Service Providers (CASPs) must be licensed, maintain an EU presence, comply with stringent governance, transparency, capital, and anti-money laundering requirements, and warn users about transactional risks. From January 2025, compliance is mandatory for new entrants, while a grandfathering period applies for existing providers until July 2026, with significant entities subject to heightened supervisory oversight. MiCAR also addresses consumer protection, prevention of market abuse and environmental disclosures for crypto projects. Non-compliant stablecoins and tokens face phased restrictions and mandatory delistings in the EU, reinforcing legal clarity and investor confidence. Tether, for example, has already been delisted this year, clearing the path for regulated euro-denominated stablecoins to gain traction and underscoring how fast market leadership can shift when clear rules are in place.



The US GENIUS Act

The next significant jurisdiction to create a dedicated regulatory regime for digital assets, including stablecoins, is the United States. The US GENIUS Act, signed into law in July 2025, is the first federal legislation to establish a comprehensive regulatory framework for payment stablecoins. It restricts the issuance of payment stablecoins to insured depository institutions, credit union subsidiaries, and certain federally licensed nonbank issuers while setting 100% reserve requirements with liquid assets and mandating monthly public disclosures of reserves. The law introduces strict consumer protection measures, including prohibitions on misleading claims, strong marketing regulations, and a priority claim for stablecoin holders in case of issuer insolvency. The GENIUS Act pre-empts some state laws but does not override state consumer protection statutes, and violations can result in severe civil and criminal penalties. Importantly, compliant stablecoins are explicitly excluded from being classified as securities or commodities under federal law, providing long-sought legal clarity for the digital asset industry. However, the IRS considers stablecoins as property, which means that they attract capital gains tax. The US is actively encouraging banks to engage with digital assets, giving them greater clarity and flexibility.



UK regulatory proposal for cryptoassets

The UK's draft Statutory Instrument 'The Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025', published in April 2025, introduces new regulated activities for cryptoassets, such as operating cryptoasset trading exchanges, stablecoin issuance, intermediation, custody, and staking. It defines "qualifying cryptoassets" as fungible, transferable tokens excluding tokenised e-money and deposits, and defines "qualifying stablecoins" as stablecoins backed by fiat currency or a mix of fiat and other assets to maintain stability. The Order expands the territorial scope, requiring both UK and certain overseas firms to seek UK authorisation to provide cryptoasset services to UK consumers, regardless of firm location. Cryptoasset firms must be authorised under the Financial Services and Markets Act, subject to FCA supervision and minimum threshold conditions, including standards for transparency, consumer protection, and operational resilience. With these changes, most formerly unregulated cryptoasset activities – including trading, custody, and staking – become regulated in the same way as traditional financial services.

Unfortunately, however, the UK's current approach lacks the necessary urgency and strategic clarity to establish a robust regulatory framework for stablecoin-based payments. The Payments Association's June 2025 report '[Enhancing Stablecoin Regulation: How to Support the UK's Global Competitiveness](#)' welcomed the UK's treatment of overseas issuers but cautioned that greater focus is needed to stimulate growth in the domestic stablecoin market. Continued dependence on foreign-issued, dollar-denominated stablecoins may ultimately diminish the role of sterling in the digital economy. To mitigate these risks and secure the UK's future competitiveness, it is essential that policymakers prioritise the creation of a clear, attractive regulatory framework that supports the issuance and adoption of GBP-backed stablecoins.

At a broader level, it is critical to note that the evolving stablecoin ecosystem still relies on traditional financial institutions, which ultimately act as a backstop. After all, stablecoin issuers are not regulated as banks and will need to ringfence funds with regulated institutions, where applicable. Equally, the banking industry is still involved in fiat on- and off-ramps. Therefore, it would be flawed to assume that stablecoins are lower risk and more efficient than banks. Any KYC/AML/CTF obligation is now one level removed from the banks, which already struggle with the associated compliance and cost challenges. In the case of reliance on digital wallet providers alone, often not regulated or only lightly regulated, the level of risk is exponentially higher compared to banks. The current regulatory steps for stablecoins may give a false sense of security to users (businesses and consumers). At the same time, supervision of stablecoin issuers is still an unexplored territory and the lack of the supervisor's digital capabilities, mentioned above, bears potential systemic risk for the broader global payment fabric.



The global single shared platform approach

While distributed ledgers, stablecoins, and tokenised assets have propelled financial technology forward, they are not designed for regulated, multi-jurisdictional cross-border payments. A blockchain typically replicates ledgers across numerous nodes but does not resolve inter-jurisdictional compliance or provide streamlined, synchronous operations across global markets. Stablecoins offer digital asset transfer capability but lack integrated, real-time compliance and risk management for institutional payment flows. These limitations highlight the need for a new model that is better aligned with central bank settlement principles.

Such a new model would be a 'Global Single Shared Platform' (GSSP) with an architecture inspired by 'Real-Time Gross Settlement' (RTGS) Systems operated by central banks. This is not a new idea. As far back as 2018, McKinsey and SWIFT recognised in their joint report *A Vision for the Future of Cross-Border Payments* that a Single Global or Shared Payment Area represents the safest and most efficient model for international transactions. However, they also noted that such a system was then seen as impractical - hindered by the cost, coordination, and government alignment it would require. Their assessment underscored both the clear efficiency and transparency benefits of a unified global payment area, and the barriers that prevented its realisation at the time. Today, with digital infrastructure and regulatory technology advancing rapidly, those barriers are becoming far less insurmountable.

Such an approach would provide the following key differences and potential advantages:

1. A GSSP provides a uniform compliance layer, unlike blockchain's fragmented compliance responsibilities.
 2. Counterparty risks are managed and recorded on the platform, enabling real-time monitoring and resolution.
 3. Settlement cycles can be automated and closely aligned to central bank processes, facilitating instantaneous batch and real-time payments.
 4. Data access for compliance, audit, and reporting is unified and integrated, achieving regulatory transparency and risk reduction.
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 payall

"Trust must be the first mission of any technology that enables cross-border payments. From real-time, synchronised multi-currency ledgers with integrated FX handling to the digitisation of AML/CTF processes and other risk and compliance obligations that ensure 100% execution across every transaction - without these, trust is compromised. A Global Single Shared Platform can uphold that trust by operating in harmony with existing bank systems and currencies rather than disrupting them - while also empowering innovators and disruptors to protect banks and preserve confidence across the ecosystem."

Gary Palmer, CEO & Founder, **Payall Payment Systems**

The architecture of a GSSP supports multiple currencies and jurisdictions within one digital environment. This streamlines clearing and settlement for institutions operating globally, reducing liquidity challenges, reconciliation errors, and delays that are often typical in legacy cross-border payment systems.

A GSSP approach delivers integrated compliance workflows to ensure all transactions are continuously verified against regulatory, sanctions, and internal risk controls before execution. Institutions could thus receive instant alerts and automated checks, improving the ability to prevent errors, fraud, or regulatory breaches.

Leveraging the technology of a Global Shared Platform to map regulatory requirements across jurisdictions - covering areas such as AML, CTF, and data privacy - would create a powerful new tool for risk management and oversight. For payment service providers and regulators alike, such regulatory mapping could expose gaps, overlaps, or inconsistencies in existing frameworks and enable optimisation of payment routing through legally and regulatory aligned corridors. This would improve efficiency, reduce compliance friction, and enhance legal certainty. At the same time, by consolidating and visualising relevant laws governing cross-border payments, a Global Shared Platform could equip the Financial Stability Board (FSB) and other regulatory bodies with valuable insights into where domestic rules conflict or diverge - helping to chart a realistic path toward the long-needed goal of international regulatory alignment.

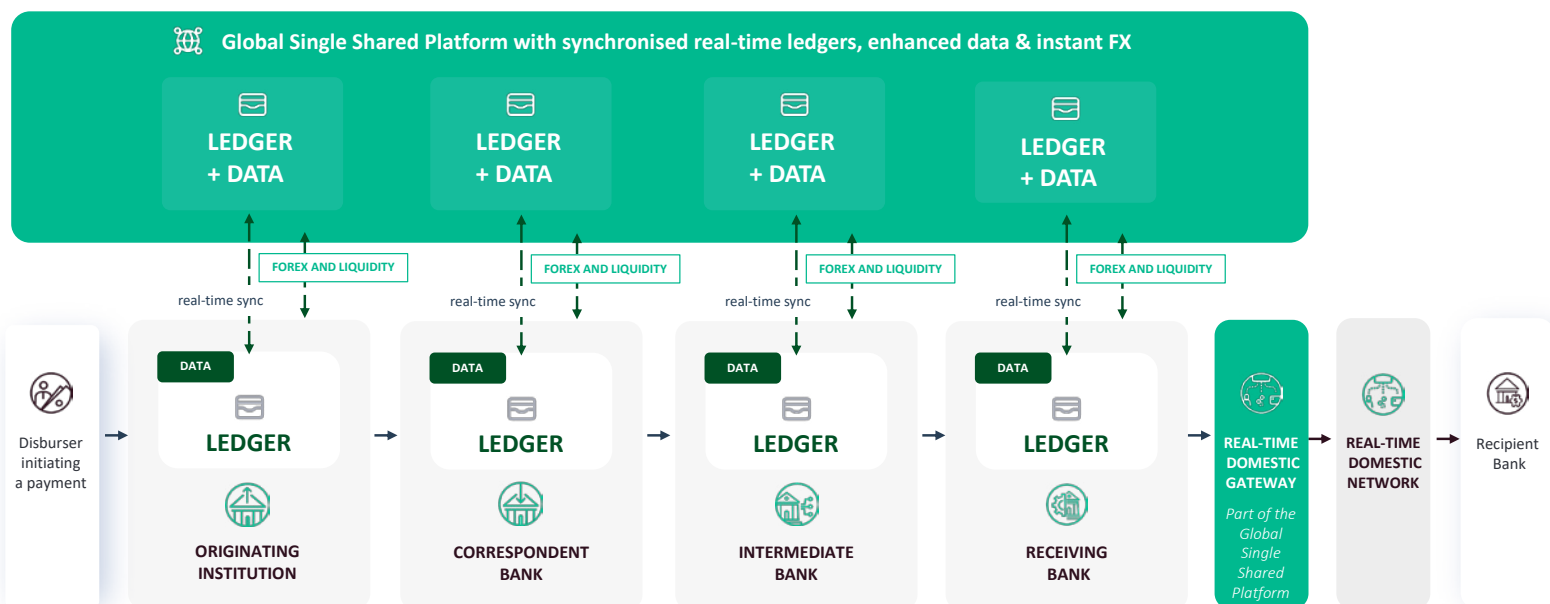
Unlike current digital asset platforms, which may struggle with fragmented standards and jurisdictional barriers, a GSSP supports digitised settlement for regulated assets, tokenised deposits, and immediate payment confirmation for all parties in the payment chain.

The future of cross-border payments will not be defined by an ever-growing list of digital currencies and new blockchains. What matters more is connecting the fragmented financial systems that already exist and ensuring that global standards and communication operate in real time. Transparency, embedded compliance by design, and collaboration across jurisdictions will be the cornerstones of progress. Interoperable ledgers that mirror shared truth with participant consent can foster trust provided the data they carry is clean, consistent, and well-structured.

The GSSP approach supports stablecoin issuers, payment and e-money institutions, and banks alike by enabling end-to-end counterparty risk management, fiat on- and off-ramps, payment orchestration, and continuous compliance. In doing so, it creates a foundation for innovation and competition in the next generation of cross-border payments.

Instant Global Fiat Money Movement

(Green boxes are modules of a Global Singled Shared Platform)



Cross-border payments: innovation case studies

With new digital asset classes and alternative payment rails gaining ground, more innovation is pouring into the payments space. From discussions with members of The Payments Association, some examples of new approaches and partnerships in payments are outlined on the following pages.





Fintech – global card network partnership

Payall & Mastercard: correspondent banking-as-a-service delivered to banks, streamlining FX, compliance and last-mile delivery across multiple payout methods.

In 2022, Payall – the first-ever provider of enterprise infrastructure enabling financial institutions worldwide to offer fast, transparent, inclusive and cost-effective cross-border payments – began its collaboration with Mastercard. In this relationship, Mastercard uses Payall's infrastructure to enable financial institutions to quickly and cost-effectively access Mastercard Move's technology for fast, compliant, and efficient cross-border payments.

Payall has adopted the approach of a Global Single Shared Platform (GSSP). Their approach is focused on removing the set of challenges financial institutions face across the whole payment value chain, from onboarding and KYC to ongoing monitoring and compliance to payment orchestration and asset-agnostic payment type choices for users. Their process automation eliminates the costly and error-prone manual effort of compliance, and inclusive payment orchestration enables senders and recipients – from the financially savvy to unbanked individuals – to choose the payment type that best meets their needs. Payall's novel infrastructure supports external processing that is integrated with financial institutions' systems and domestic payment networks, providing fast, no-tech integrations that are compliant and secure, with a cutting-edge, fintech-level experience for end users. The collaboration allows for a range of payout methods, ensuring recipients can be paid via card, mobile wallets, or cash pickup, regardless of whether they are banked or unbanked.

Gary Palmer, CEO & Founder, **Payall Payment Systems**

“With a focus on international funds transfer compliance, process automation and payment orchestration, we deliver turnkey technology and power new paradigms that eliminate the inefficiencies and address the complexities of cross-border payments.”

“



PXP Financial – a single unified payments platform to accept payments online, on mobile and at the point of sale – has also collaborated with both Payall and Mastercard to offer its customers secure, compliant, and efficient cross-border payments. This collaboration provides PXP Financial customers safe, compliant, and efficient cross-border payments and international transfers, including payout options to recipients regardless of whether they are banked or unbanked.

Kamran Hedjri, Founder & Group CEO, **PXP Financial**

“By leveraging Payall's proprietary compliance tech and Mastercard's innovation moving funds globally, we are able to offer our customers speedy, safe and simple access to international payments.”

“





Digital assets – fintech partnership



Ripple & OpenPayd: Fiat infrastructure combined with digital asset capabilities

In July 2025, OpenPayd, a financial infrastructure provider, joined forces with Ripple, a digital asset infrastructure provider, in order to deliver compliant and scalable payment solutions for enterprise clients.

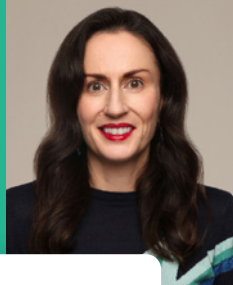
Through the partnership, OpenPayd's global fiat infrastructure, including real-time payment rails, multi-currency accounts and virtual IBANs, supports Ripple Payments into EUR and GBP. Ripple's cross-border payments solution, Ripple Payments employs blockchain and digital assets, and a global network of payout partners to deliver fast, transparent, reliable cross-border payments and on/off ramps for banks, crypto companies and fintechs worldwide.

In response to the rising market interest and activity in stablecoins, OpenPayd also launched its proprietary stablecoin infrastructure, based on which it provides direct minting and burning capabilities for Ripple USD (RLUSD). Businesses are able to seamlessly convert between fiat and RLUSD, accessing OpenPayd's full suite of services, including embedded accounts, payments, and trading, via a single API.

Rosalind Marsh, Senior Legal Counsel, **OpenPayd**

"This case study is a great example of leveraging stablecoins for cross-border payments using the so-called 'stablecoin sandwich' method. The stablecoins are just an intermediary asset, which means neither sender nor beneficiary is required to hold stablecoins. This is particularly helpful as stablecoins can trigger complex and important legal and regulatory implications."

“



OpenPayd

This solution supports a wide range of use cases, including cross-border payments, global treasury management, and streamlined access to USD liquidity, delivering faster, more transparent, and cost-efficient payment flows. One of the key benefits of this approach is that stablecoins offer more immediate, programmable settlement without the traditional pre-funding constraints of correspondent bank networks.

Cassie Craddock, Managing Director, UK & Europe, **Ripple**

"The future of global finance depends on seamless interoperability between traditional infrastructure and digital assets. Our collaboration with OpenPayd provides enterprises with reliable access to RLUSD, combining the stability and compliance they expect with the connectivity they require. This is how we accelerate real-world adoption of stablecoins at scale."

“



ripple

Challenges in the road ahead

One of the major frictions that remains is the global uneven regulatory ecosystem, making reliance and trust on AML/KYC/sanctions approaches problematic, despite FATF's harmonisation initiatives.

While regulations remain neither harmonised nor consistently and coherently enforced – both wishful thinking at this point in time – we require providers that help streamline processes, provide intelligent routing, automated monitoring, and more.

Another big stumbling block to a properly functioning multiverse of payments is the fact that real-time gross settlement (RTGS) systems' operating hours are non-aligned across the globe. This makes the interaction between traditional financial and digital finance very problematic, as the digital world is available 24/7/365, whereas fiat on- and -off ramps are not. Globally, most RTGS systems operate between 7 to 12 hours daily, with around 18% of jurisdictions extending these hours up to 17 to 24 hours to improve payment speeds, liquidity, and cross-border settlement efficiency. Some countries, such as India, Mexico, Oman, South Africa, Switzerland, and Tanzania, have adopted near 24/7 RTGS operations, setting precedents for continuous settlement and improved liquidity management. Regulators and international bodies like the CPMI and G20 are actively promoting the alignment and extension of RTGS operating hours to reduce friction from mismatched settlement windows across time zones, enabling more integrated and efficient cross-border payment ecosystems, with consultations ongoing in major jurisdictions such as the UK, the European Central Bank, and the US Federal Reserve targeting extended or near-continuous RTGS availability by the late 2020s. As long as gaps exist in the 24-hour operations of payment and settlement systems, significant risks remain.

A third open issue is tax. Tax regimes around the globe are out of kilter and non-supportive of new asset classes such as stablecoins. The IRS currently considers stablecoins to be property, subject to capital gains tax. Under IFRS, stablecoins may be considered as financial assets under IFRS 9 if the holder has contractual redemption rights. A detailed tax assessment is necessary to determine the implications of stablecoins for users. Furthermore, reporting requirements will vary across jurisdictions, creating additional administrative and regulatory burden.

And finally, the question of applicable law to cross-border transactions in stablecoins and other emerging digital and crypto assets is critical but unanswered.



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"As we move stablecoins between jurisdictions, the question 'which law governs the transfer?' will naturally arise. There is currently no clear and consistent solution to this question. The challenge, therefore, is the development of an appropriate and internationally recognised private international law rule to determine the applicable law governing contractual and proprietary issues relating to digital assets."

Natalie Lewis, Partner, Head of Fintech, Market Infrastructure & Payments, **Travers Smith**

Recommendations for stakeholders

The future of cross-border payments is at an inflexion point, shaped by technological transformation, regulatory innovation, and evolving customer expectations. For fintechs, banks, and regulators, success demands coordinated action across four critical areas: embracing new payment technologies, advancing regulatory harmonisation, fostering strategic partnerships, and prioritising resilience and security.

1

Get ISO 20022 ready and foster real-time payment adoption

Banks must modernise their core systems to support ISO 20022, enabling rich data exchange. Growing initiatives to develop Instant Payment System interoperability and interconnectivity are an opportunity for fintechs and banks. Interoperability of IPS, emerging CBDCs and alternative digital asset classes have the potential to accelerate settlement, cut costs, and bypass legacy correspondent banking inefficiencies.

Recommendation:

- Prioritise investment in real-time rails and ISO 20022 readiness.
- Explore digital wallet structures to support corporate treasury visibility and improved liquidity allocations and management.

2

Explore the global single shared platform opportunity

The approach of a Global Single Shared Platform (GSSP) redefines cross-border payments by synchronising ledger operations, compliance, and risk oversight within a digital-first, governed framework based on trusted models. It can address core technological and compliance gaps that have been left unresolved by blockchain and stablecoin solutions, offering a model poised for global regulatory alignment and operational efficiency in multi-jurisdiction payments.

Recommendation:

- Identify and evaluate Global Single Shared Platform (GSSP) solutions that can transform correspondent banking by resolving long-standing compliance, risk, and efficiency challenges



3

Champion security, resilience, and customer experience

Rising volumes and global volatility make operational resilience and cyber security non-negotiable priorities. Regulatory mandates like the Digital Operational Resilience Act (DORA) in the EU and new UK and US standards require firms to withstand severe disruption and cyber risk. Adopting AI-driven fraud detection, ongoing monitoring, and rapid response practices should be standard for all players.

Recommendation:

- Invest in AI/ML-powered security monitoring, direct threat intelligence and global incident response.
- Build customer-centric journeys prioritising transparency, instant notifications, and responsive dispute resolution.

4

Foster strategic partnerships and ecosystem integration

The successful future of cross-border payments is collaborative: banks provide trusted infrastructure and regulatory experience; fintechs bring speed, innovation, and customer-centricity. Strategic partnerships (such as bank-fintech alliances or fintech-cloud provider integrations) transform payments into embedded, seamless experiences. This includes leveraging Open Banking and global payment hubs to drive higher acceptance rates, lower fees, and reach emerging economies.

Recommendation:

- Banks and fintechs should form joint ventures for scalable cross-border platforms.
- Enable data sharing and single integration points for businesses and banks and fintechs globally.

Conclusion

The future of cross-border payments stands at a crucial juncture, driven by accelerating technological innovation, evolving regulatory frameworks, and shifting market dynamics.



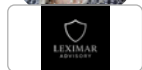
The traditional correspondent banking model, long the backbone of global payments, faces undeniable challenges, including slow settlement times, high costs, restricted liquidity access, and increasing compliance burdens. At the same time, there is an unprecedented emergence of digital asset solutions – particularly stablecoins and blockchain-enabled platforms – that promise enhanced speed, transparency, and programmability in cross-border liquidity flows. Yet, looking ahead, they still display a significant amount of challenges.

To fully realise the potential of these innovations, a coordinated approach among all stakeholders – banks, fintechs, regulators, and market infrastructures – is imperative. Harmonising regulatory standards internationally, especially regarding compliance, consumer protection, and cross-border tax treatments, is necessary to reduce fragmentation and foster trust. Embracing new approaches such as Global Single Shared Platforms (GSSP) that address core technological and compliance gaps left unresolved by blockchain and stablecoin solutions, provide a way forward by synchronising ledger operations, compliance, and risk oversight. This is critical in complementing the sound development of modern payment rails, including the potential integration of stablecoins and programmable tokens alongside legacy systems. Moreover, fostering strategic partnerships that leverage each sector's strengths can accelerate the delivery of cost-effective, inclusive solutions that serve individuals, SMEs, corporates, and governments alike.

Security and operational resilience must remain paramount as payment volumes grow and cyber risks escalate globally. The adoption of advanced AI-driven fraud detection and robust incident response frameworks will underpin trust and stability in future payment ecosystems.

Ultimately, next-generation cross-border payments require embracing the convergence of technology and regulation to build a faster, safer, and more inclusive global financial system. Those who lead the transition by innovating smartly, collaborating effectively, and governing prudently will shape the payments landscape for decades to come. This will unlock enormous economic value, promote financial inclusion, and enable a truly global digital economy where liquidity moves freely across borders with confidence and efficiency.

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About The Payments Association

The Payments Association is the largest community in payments. Founded in the UK in 2008, the association now operates communities in the UK, EU and Asia, helping almost 300 companies enhance their commercial interests, solve societal problems such as financial exclusion and evaluate new opportunities for innovation in payments.

Our purpose is to empower the most influential community in payments, where the connections, collaboration and learning shape an industry that works for all.

We operate as an independent representative for the industry and its interests, and drive collaboration within the payments sector in order to bring about meaningful change and innovation. We work closely with industry stakeholders such as the Bank of England, the FCA, HM Treasury, PSR, Pay.UK, UK Finance and Innovate Finance.

Through our comprehensive programme of activities for members and with guidance from an independent Advisory Board of leading payments CEOs, we facilitate the

connections and build the bridges that join the ecosystem together and make it stronger.

These activities include a programme of monthly digital and face-to-face events including our annual conference PAY360 and awards dinner, CEO roundtables and training activities.

We run eight stakeholder working Project groups: Cross-Border, Digital Currencies, ESG, Financial Crime, Inclusion, Merchant Payments, Open Banking and Regulatory. The volunteers within these groups represent the collective view of The Payments Association members at industry critical moments and work together to drive innovation in these areas.

We conduct exclusive industry research. This research is not legal advice. It is made available to our members through our Insights knowledge base to challenge and support their understanding of industry issues. This includes whitepapers, insightful interviews and tips from the industry's most successful CEOs.



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