



Simplifying Cross-Border Payments to Unlock Ecommerce Growth

ATTN 2025

30 October 2025



Crossborder payments challenges: Anecdotal evidence from around the world...

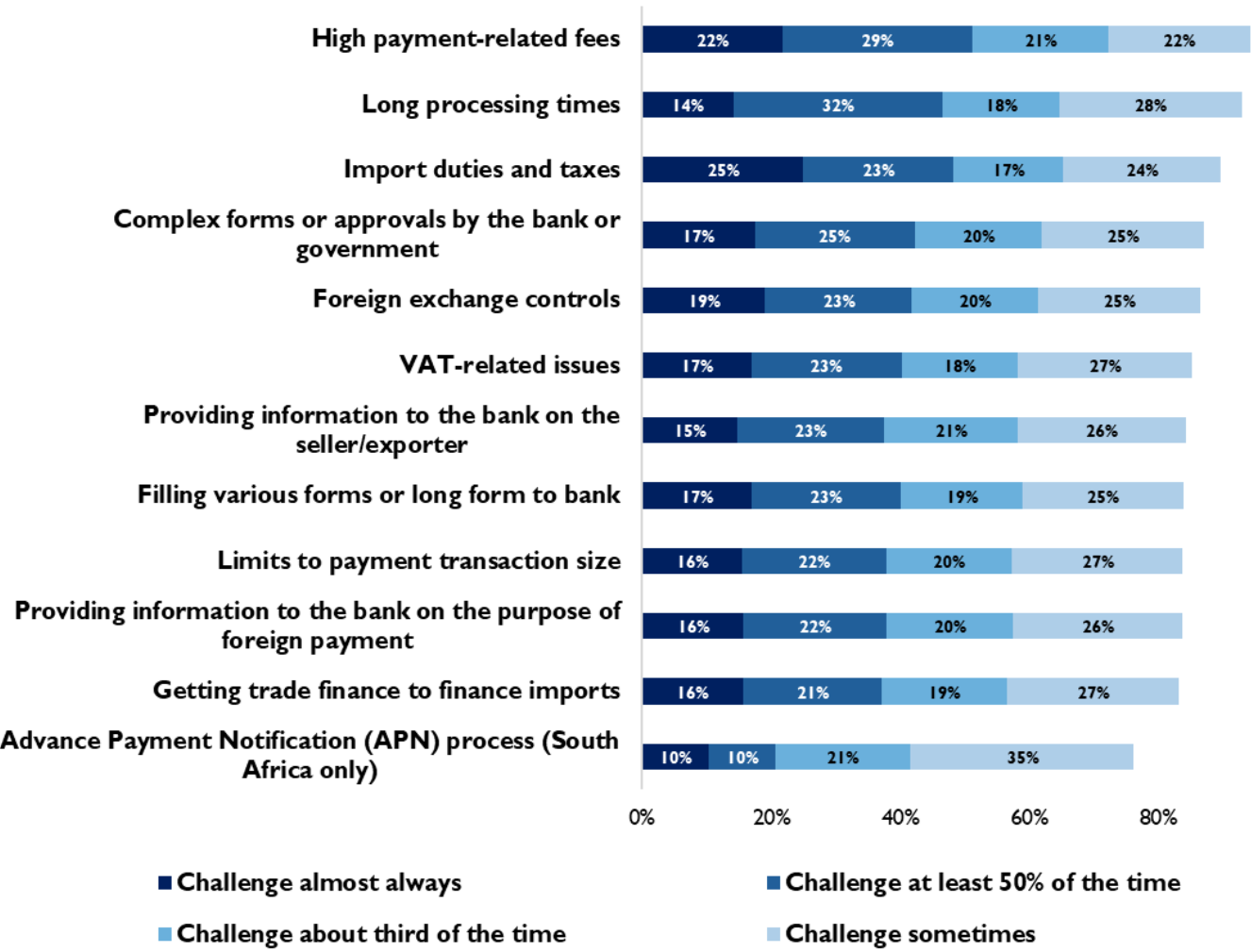
- **“I had to go to the bank to apply, went back again to fill the forms, and then 3rd time to make the payment.” - SME making a crossborder payments from South Africa, September 2025**
- **“I had to contact customer service three times, submit verification documents, and wait over a week before the crossborder payment was completed.” - Indonesian SME seeking to pay a foreign vendor, September 2025**
- **“My bank charges 3-6% for international transfers, costing me \$1,500-\$3,000 on a \$50K deal...Waiting 30-60 days for payments creates cash flow gaps, forcing me to delay paying my Asian suppliers...which strains relationships.” - UK online seller SME, April 2025**

What we do

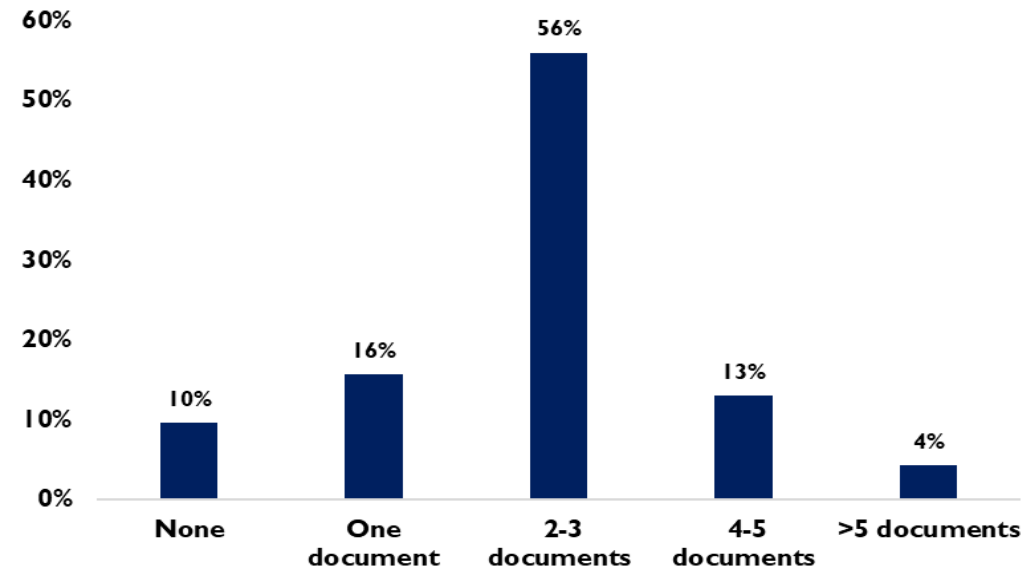
- **Assess how financial regulations around AML/CFT, FOREX, KYC impact SMEs' trade**
 - **3,100 SME importers and exporters' challenges with payments**
 - **Importers and exporters' KPIs**
 - **International trade**
- **Methods:**
 - **Surveys with firms in 9 markets**
 - **New Crossborder Payments Restrictiveness Index**
 - **Gravity model of international trade**
- **Propose simplified and more convergent payments-related regulatory frameworks**
- **Promote implementation of the G20 Roadmap for Crossborder Payments**

Of importers seeking to pay, >60% face high costs, long processing times, complex bank forms, FX controls; 74% submit 2 or more documents to their bank to authorize payments

Frequency of crossborder payment challenges



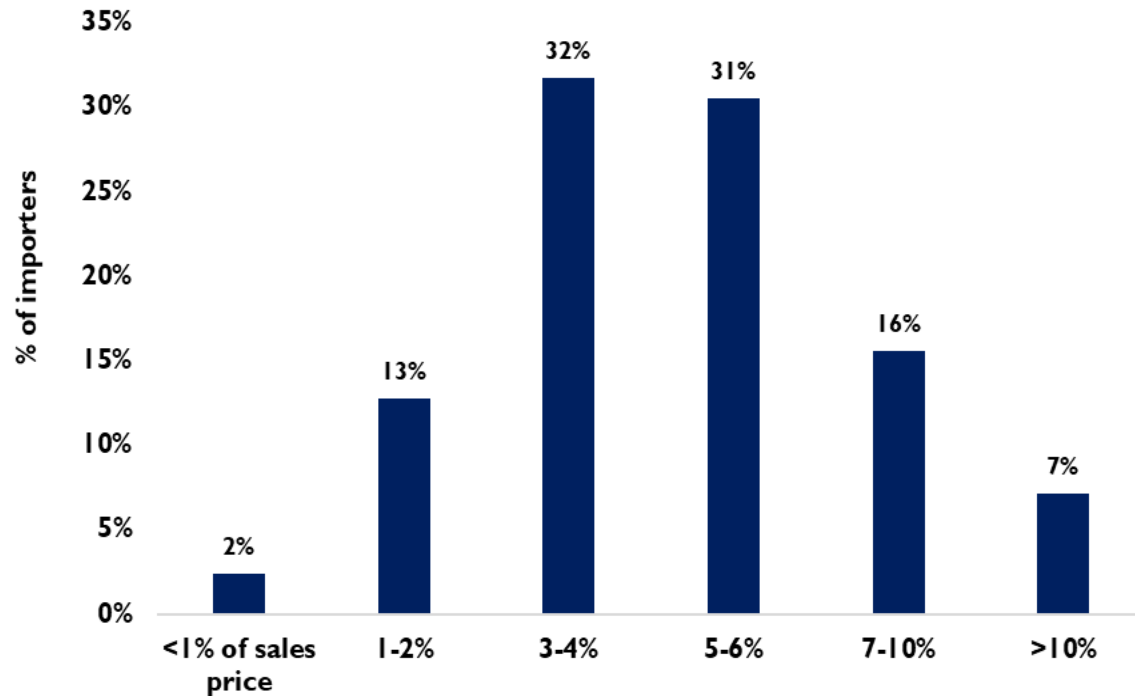
% of firms that need to submit documents to their bank per international payment



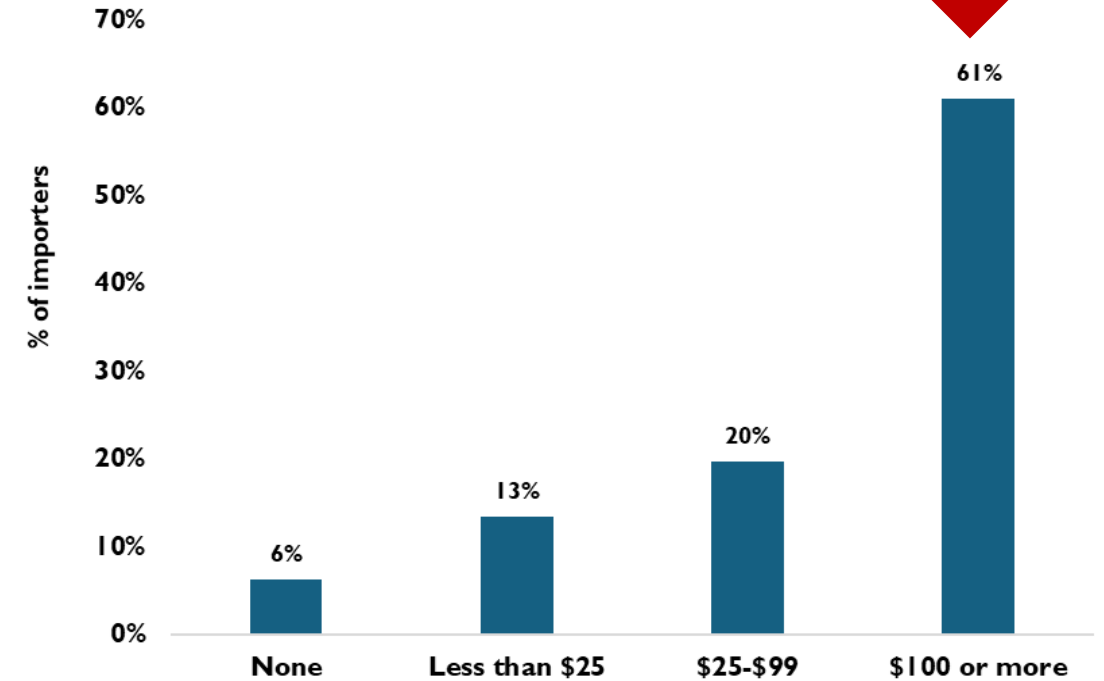
Source: Nextrade Group survey on 8 August-7 September 2025 with 2,100 importers of 1-50 employees in Brazil, Germany, Indonesia, Malaysia, Philippines, South Africa, and Thailand.

What are costs? 54% of importers pay 5% or more for crossborder transactions 61% report hidden processing costs (like staff time) of \$100 or more per transaction

Costs of a cross-border payment transaction



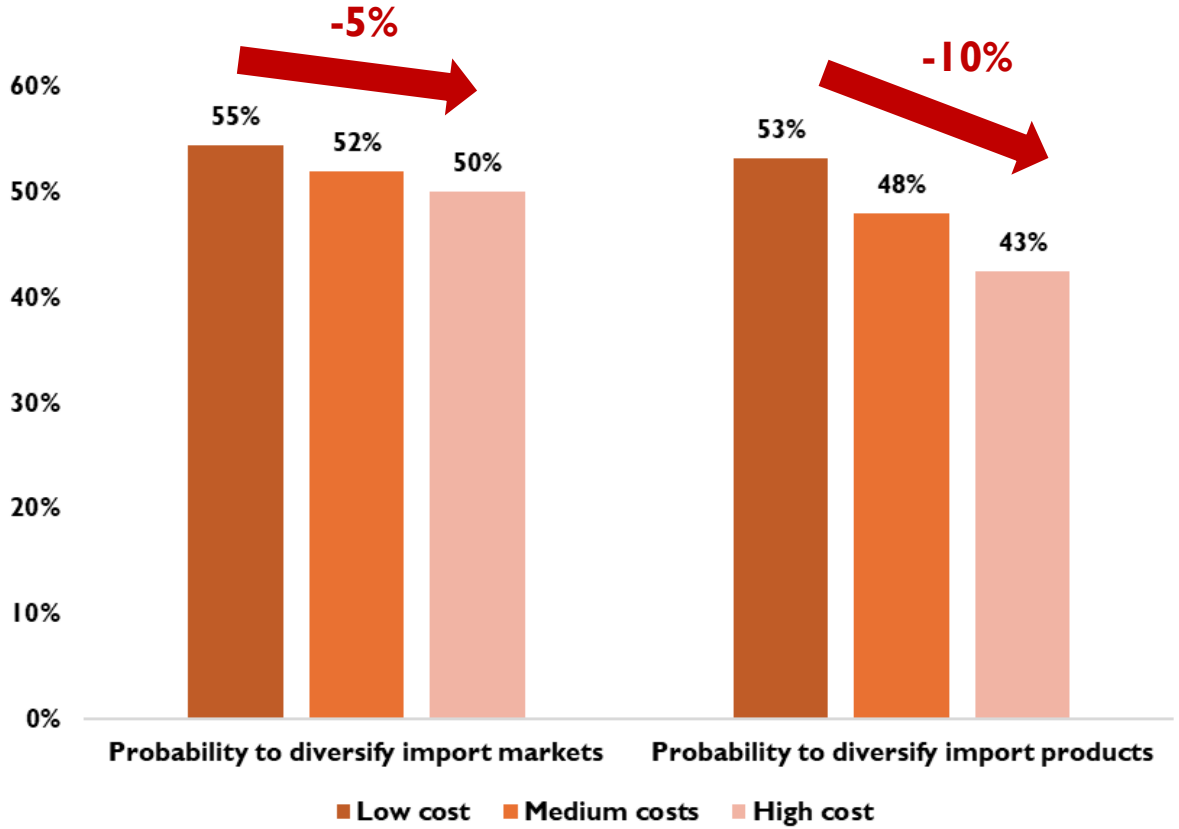
Hidden processing costs per cross-border payment



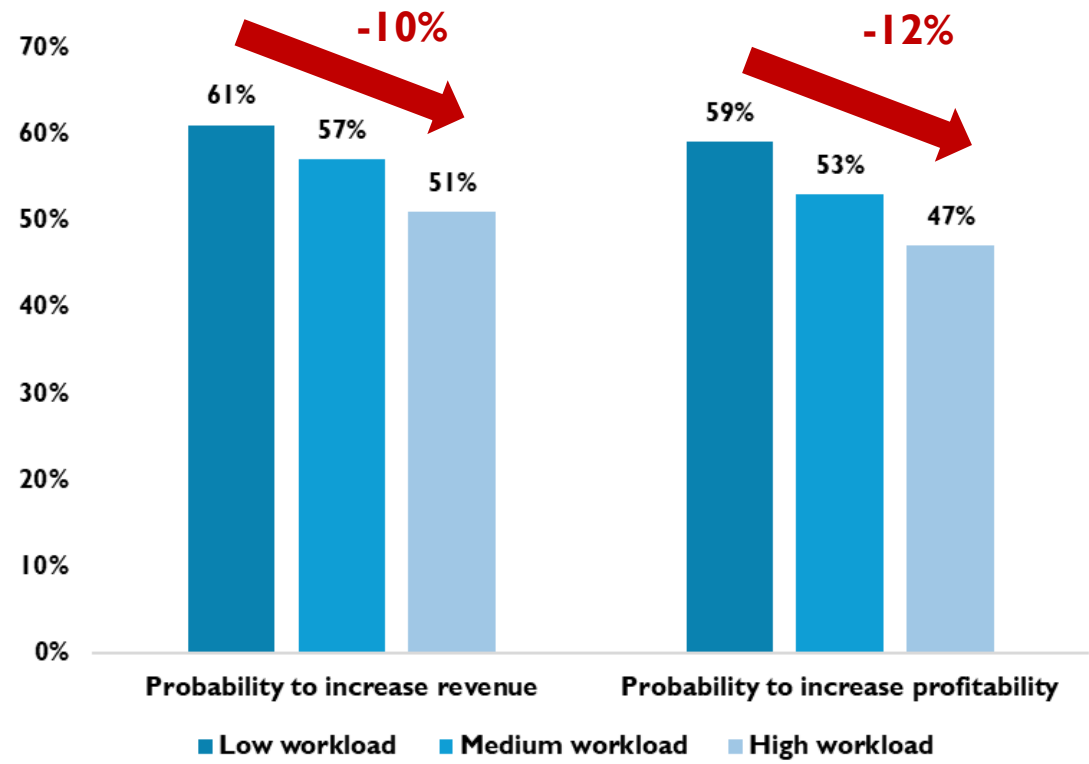
**+ 45% spend 30 minutes or more on a payment
62% involve 2-3 staff**

Importers with high payment costs and workloads are significantly less likely to diversify imports and grow revenue and profitability

Probability of import market and import product diversification in 2023-25 for firms with low, medium and high payments-related costs



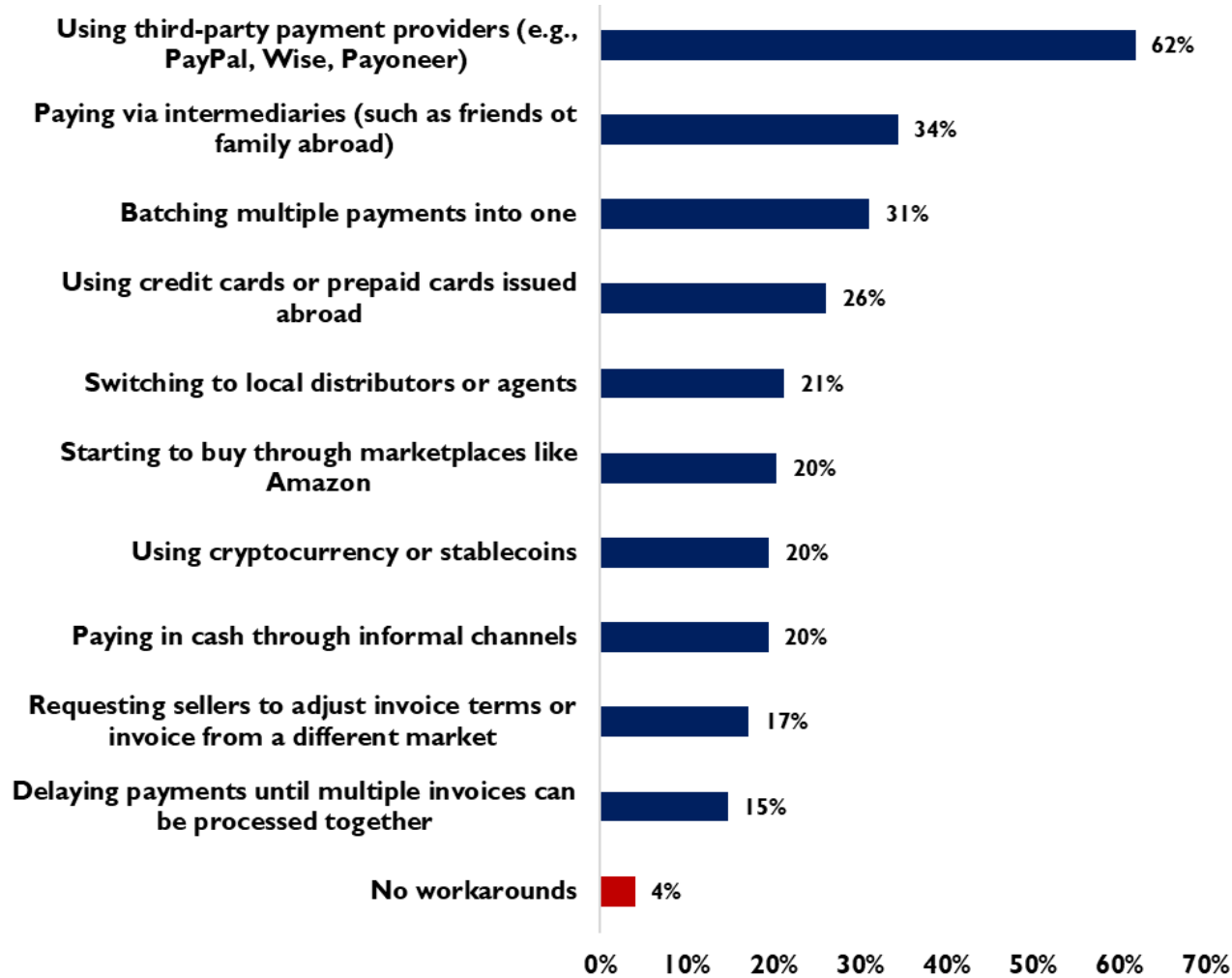
Probability of revenue and profitability growth in 2023-25 for firms with low, medium and high payment-related workloads



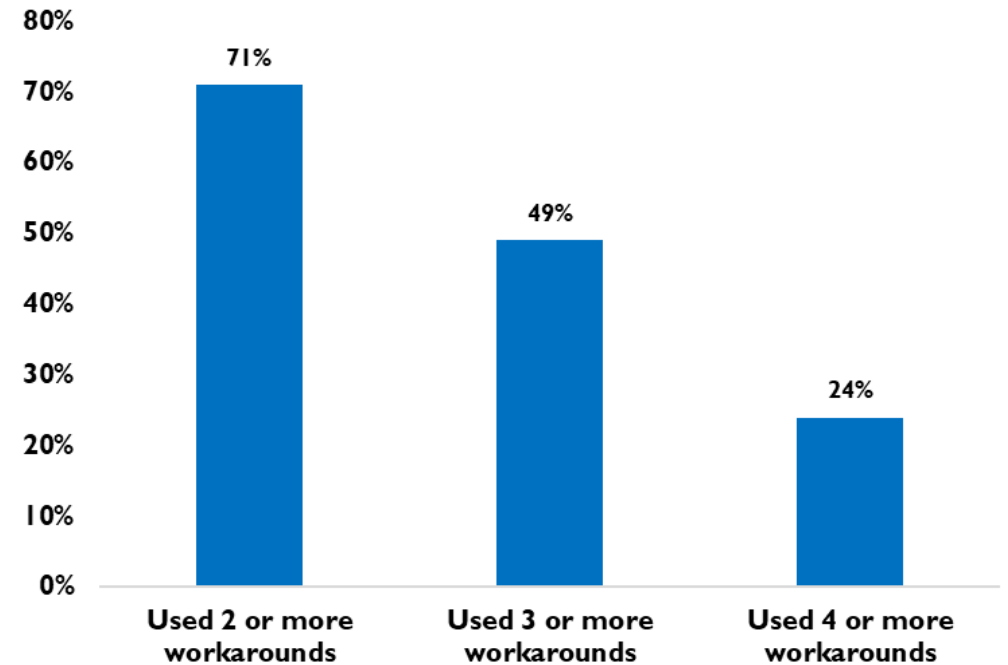
Regressions control for firm size and age and include industry and country fixed effects. Difference between low cost and high cost in Import product diversification, revenue and profitability growth is significant at 1% level. Difference in import market diversification between medium and low cost is significant at 1% level. Based on Nexttrade Group survey on 8 August-7 September 2025 with 1,900 importers of 1-50 employees in Brazil, Germany Indonesia, Malaysia, Philippines, and South Africa.

96% of importers use workarounds to bypass payments challenges ~50% use 3 or more workarounds → lower transparency and traceability

% of firms using workarounds

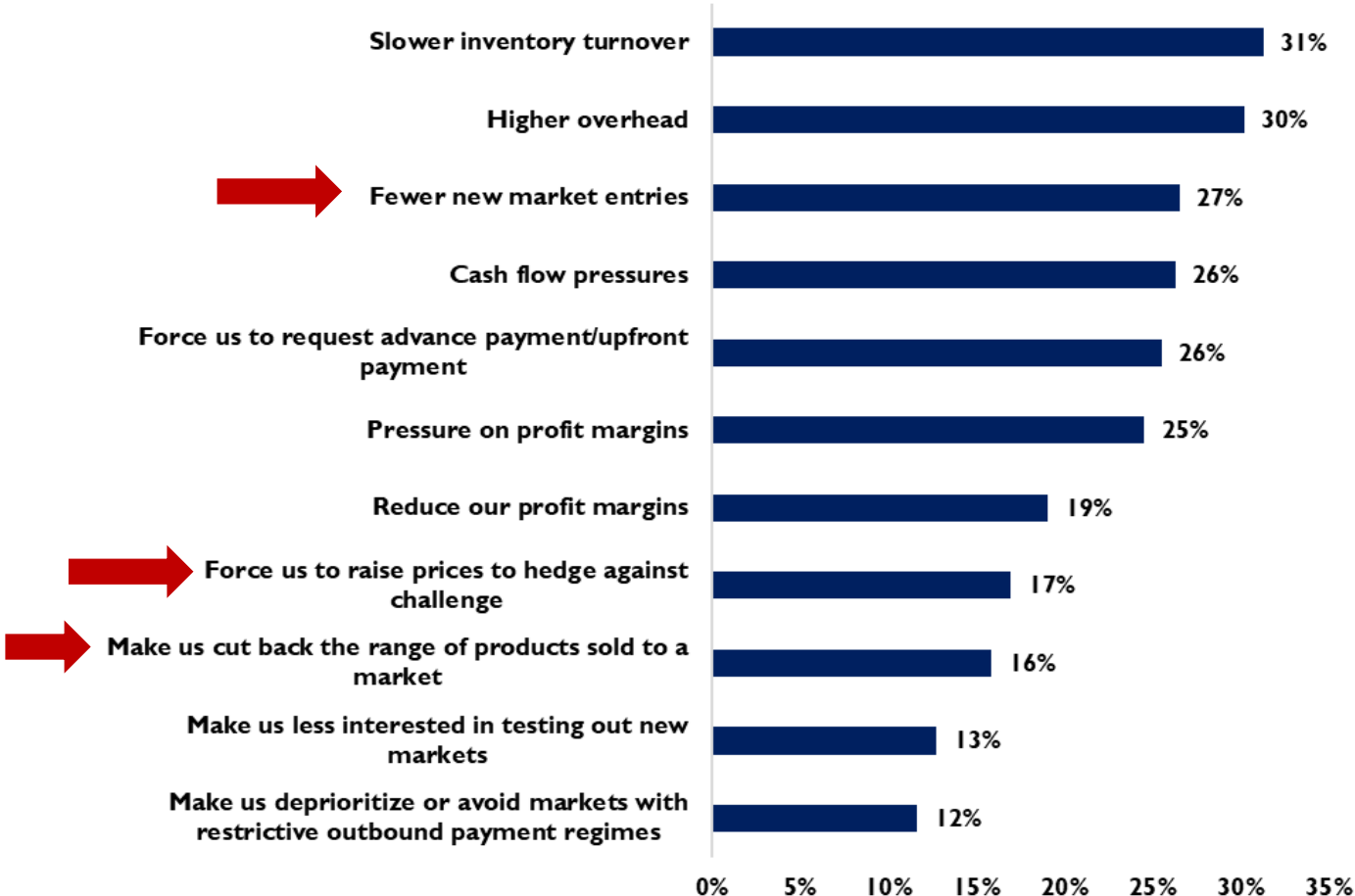


% of firms using 2 or more workarounds

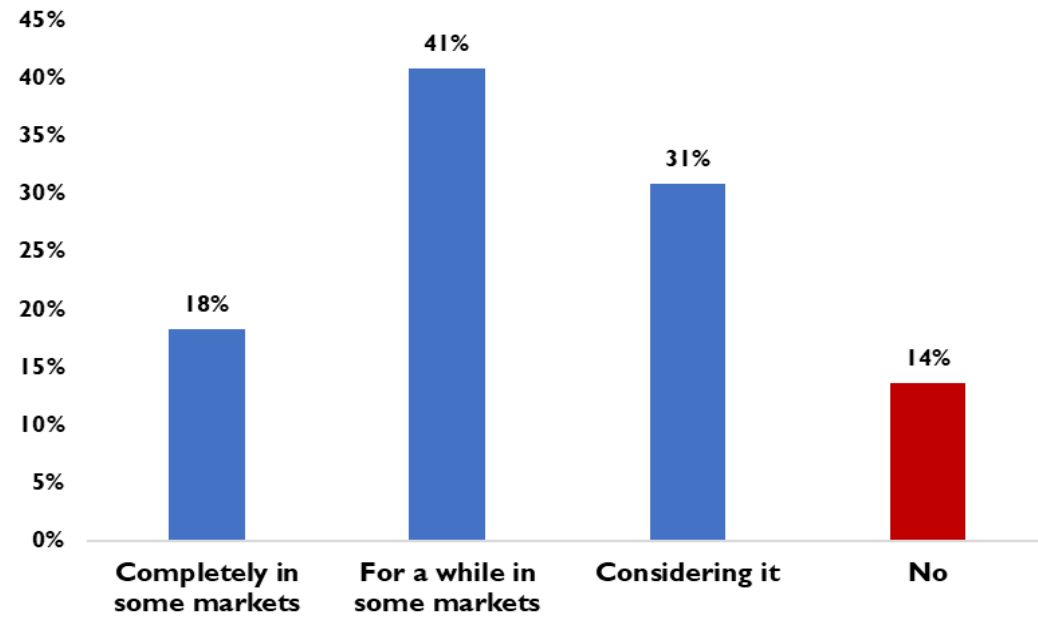


Exporters facing payments challenges in import markets have higher costs and cut back on new market entries and variety of goods exported
>60% exit markets, limiting importers' access to goods

% of exporters with impacts of importer's complex outbound payments



% of exporters that stop serving markets due to complex outbound payments in importer economies

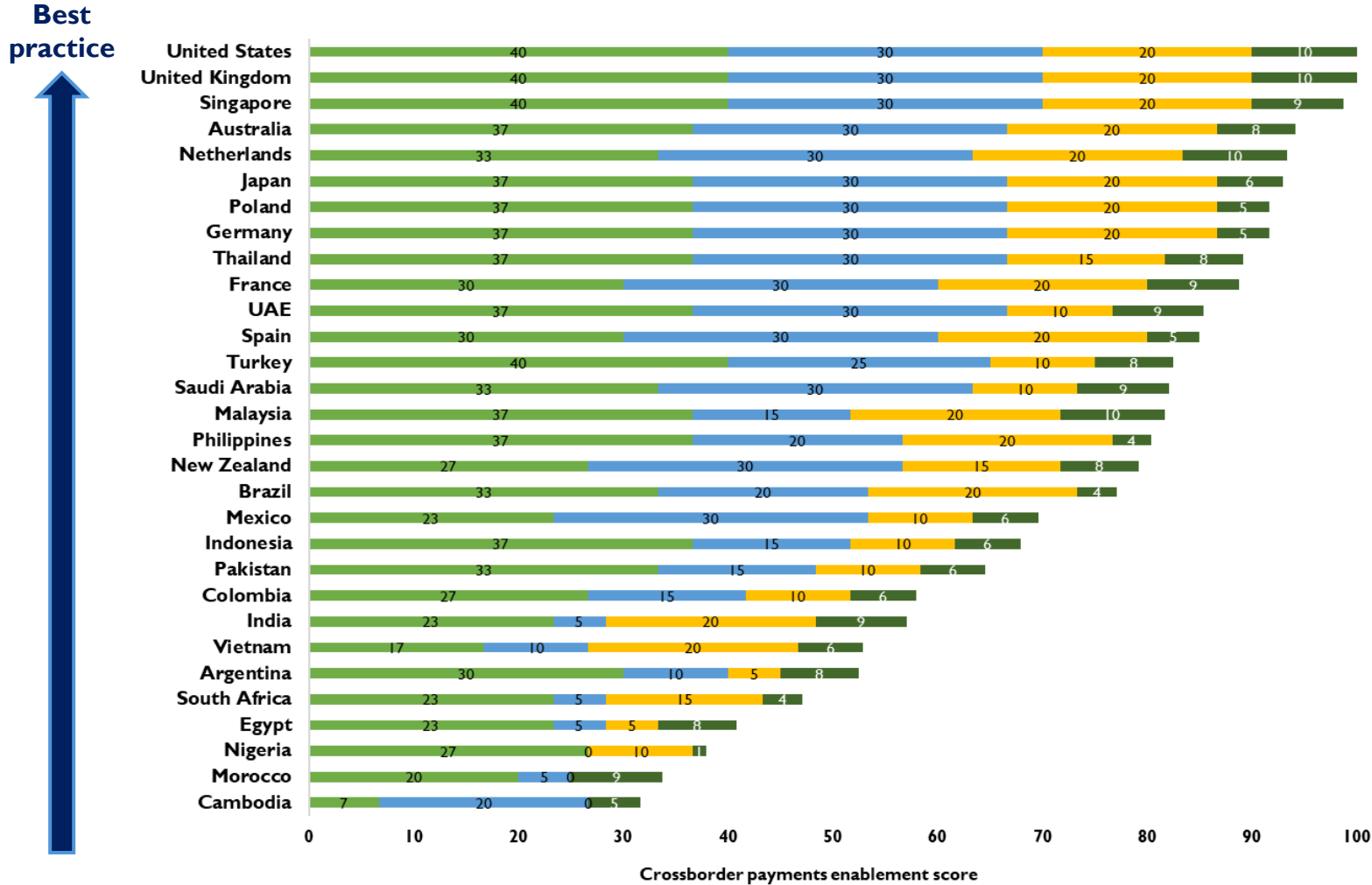


+ Payments challenges worse for exporters to deal with than logistics costs and delays

Source: Nextrade Group survey on 10 August-4 October 2025 with 1,000 multimarket exporters of 1-50 employees in the UK and the United States.

Economy-level effects: Index based on 14 enablers around ease and digitization of AML/CFT, access to FX, interoperability

Crossborder Payments Enablement Index (best: 100)



■ Pillar 1: Ease of enforcement of financial regulations
 ■ Pillar 2: Ease of access to foreign exchange
■ Pillar 3: Interoperability - APIs and standards
 ■ Pillar 4: Ease of trade and customs documentation

Example of scoring of one of 14 elements:

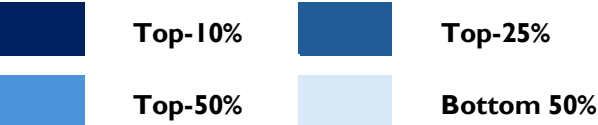
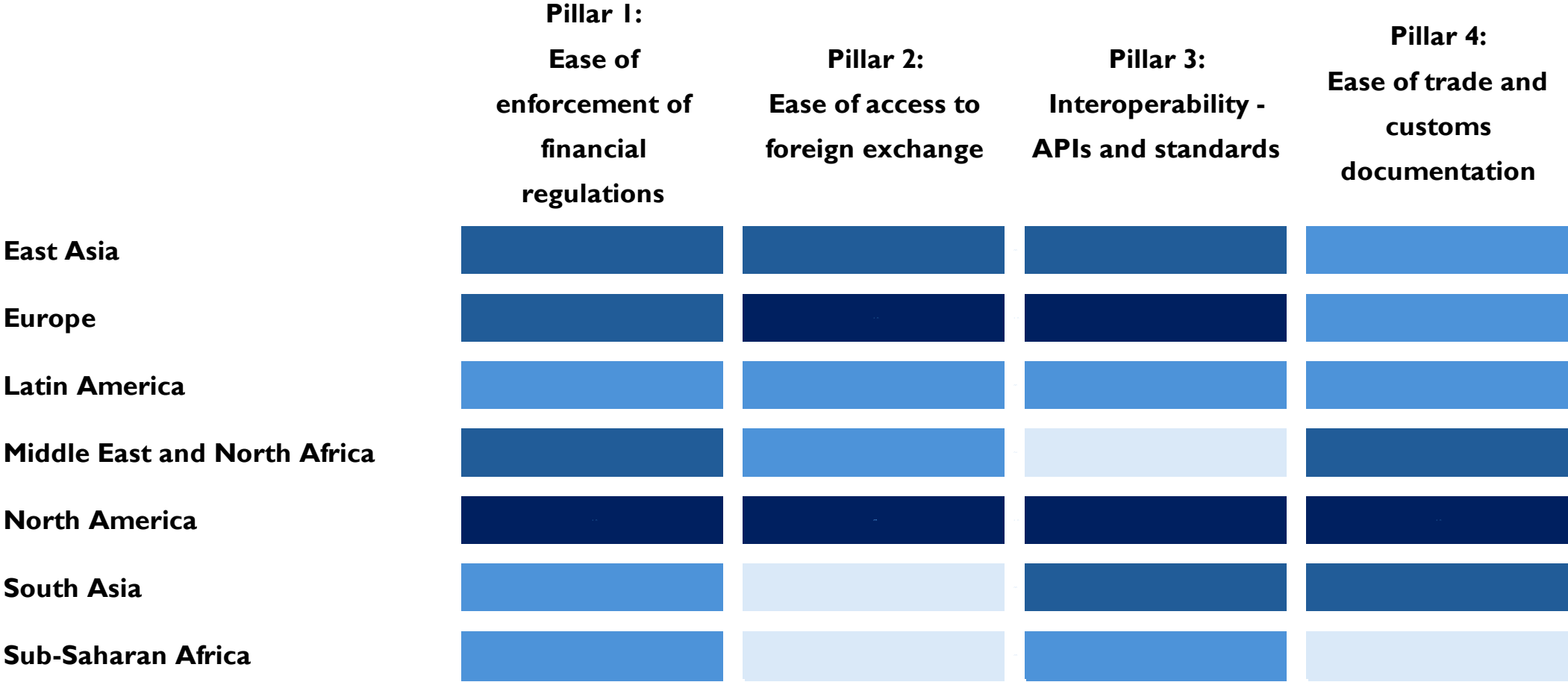
Beneficial ownership (BO) transparency and filing

2 = Digital BO registers, only owners/holders of voting share of 25% or more must register

1 = Digital BO registers, owners/holders of voting share of <25% must register

0 = No registry (or only law)

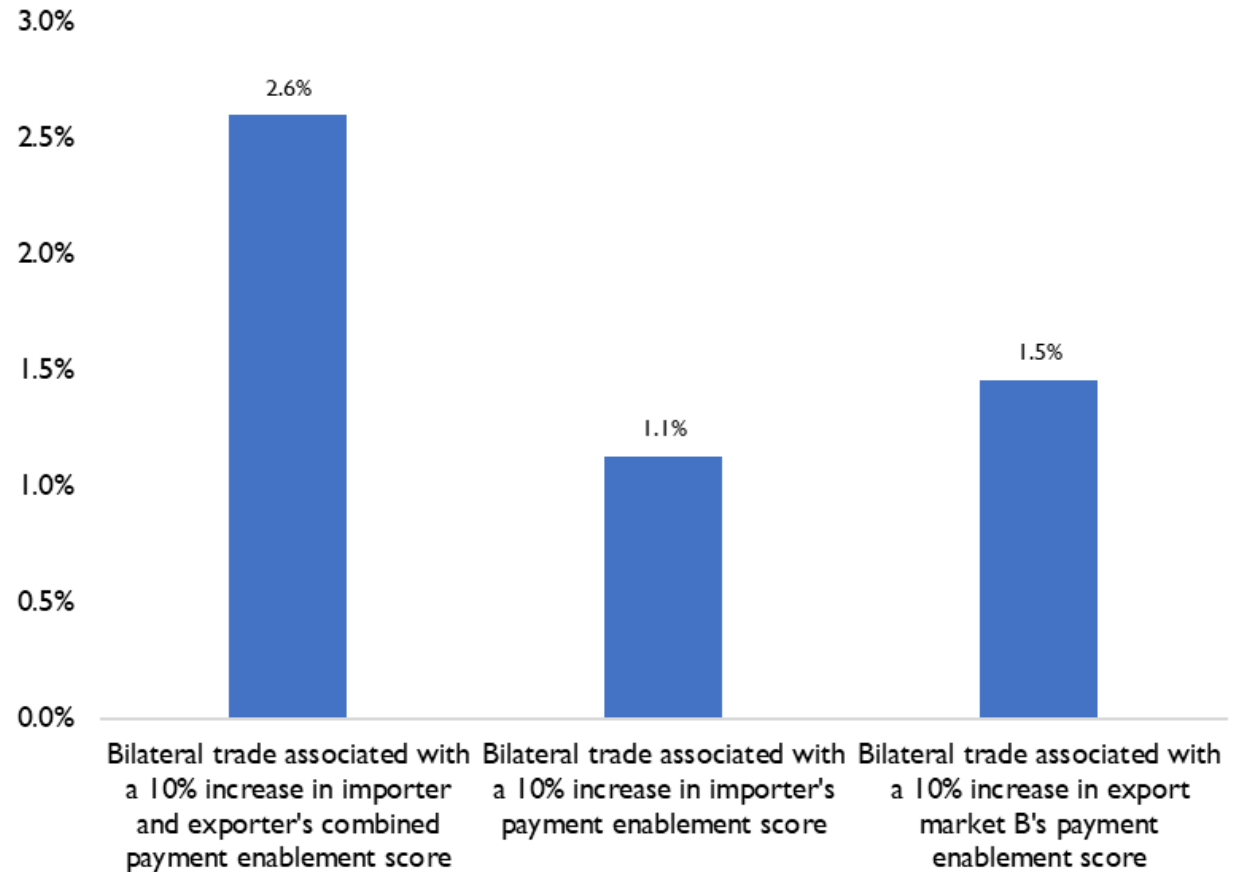
North America and Europe lead the way; all regions have work to do



Regression results: payments enablement promotes trade

10% increase in Payments Enablement Index:

- **2.6% more bilateral trade**
- **Similar as moving from Vietnam's level to Colombia's, Pakistan to Mexico's**
- **Similar to 0.3-0.7% tariff cut**
- **Boost per capita income ~0.3%**



Policy recommendations



Simplify the enforcement of financial regulations and monitor overenforcement



Digitize compliance and reporting



Promote interoperability domestically and crossborder through the adoption of ISO 20022 and APIs



Empower SMEs through the inclusion of SME-related KPIs in the G20 Roadmap and FATF Mutual Assessments and promote technical assistance to ease SME payments burdens



Form next-generation digital economy agreements (DEAs) to drive payments simplification, digitization and interoperability