



Removing The Barriers To International Payments

EVEN BEFORE THE PANDEMIC, THE PACE OF INNOVATION IN THE UK BANKING AND PAYMENTS INDUSTRY WAS HEAD-SPINNING.

Open Banking, fintech disruptors, challenger banks and constant regulatory change were already shaking things up. And Coronavirus has only accelerated the need to rethink and transform payment processes.



Back in 2019, the World Payment Report¹ summed it up well: “The payments industry is at a juncture, facing dynamic innovation and the continued disruption of its traditional value chain and service propositions.”

For companies who make a lot of international payments, all this change creates real potential for dramatically improving processes, manageability and transparency – while driving down costs.

One thing is clear: your business bank is no longer the only option for paying across borders.

Opening Up Choice

As they cherry-pick the most attractive segments of the banking market, a new wave of fintech startups have turned to international payments as lucrative territory for innovation.

These new players create more choice for businesses – but they each treat international payments differently, with real implications for payers. Before switching to a new payments provider, it’s important to understand what that will mean, in terms of costs, efficiencies and transparency. When the underlying ‘payment rails’ change, the ripples can affect all of your AP systems and workflows.

Clearly, it’s a good time to consider non-bank options. Traditional banks can be limited by compliance and technology, which drive up costs, slow down payments and create extra processes.

In contrast, the fintech payment platforms use the latest cloud-based technologies, carrying real advantages when making cross border payments. For instance, they may be connected to a range of different payment rails, so you can choose your payment routing mix to optimise for costs or speed.

The inherent efficiencies and automations behind the fintech payment platforms can also mean later cut-off times for making payments than the banks offer. That means you have a bigger window for submitting payments for same-day processing.

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Visibility Through The Payment Cycle

To manage cash effectively, today's AP teams need full visibility of all payments through the entire payment cycle.

That's a big reason behind the shift by many businesses to a centralised, cloud payment platform, like Bottomline's PTX. The increased visibility and control starts from the moment a payment instruction is created and continues through internal approvals (often across multiple locations) and submission to the payment rails—with full authorisation and governance control along the way.

The ability to see the status of all payments and beneficiaries in one place—along with alerts that flag errors and incomplete payment files—delivers a new level of visibility, compliance and control to international payments.

AP teams are able to spot and address any problems in the payment instruction before submission, minimising delays and the reducing the risk of supply chain impacts.

Supporting Different Currencies

Many businesses have multiple currency accounts for receiving funds or running sophisticated forward currency contracts. Often, this currency is left unconverted so it can be used to make payments in the same currency—incurring the notoriously expensive bank charges. Or the currency can be converted immediately, taking a hit on the bank's exchange rate.

With PTX International Payments, corporates can transfer their currency holdings into the platform to take advantage of lower disbursement fees and bulk processing capabilities. This is unusual as currency conversion is a key revenue stream for many specialists, who therefore require currency to be bought on their platform.

When you need to pay in other currencies, simply load the currency you hold on to PTX and take advantage of the lower exchange rates to buy the currency you need for your cross-currency payments (there are 29 currencies supported – with more coming).

And, with PTX, you have the option to fund on-demand as payments are made, or to buy and hold currency, perhaps to wait for more favourable exchange rates. The buy and hold approach lets you spread currency. The buy and hold approach allows you spread some currency risk and offers greater flexibility when your currency demands vary.

In short, a platform like PTX International Payments lets you choose the currency strategy that best suits your business.



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Ensuring Security And Compliance

Every AP team has to ensure their payment platform adheres to all regulations and security best practices. Strong internal controls, such as segregation of staff duties, are vital to ensure users can only see and do what they're authorised to see and do. For instance, the systems should prevent staff from creating and approving their own payments.

Institutions with aging back-office and payments technologies struggle to achieve this kind of granular control. That can lead to regulatory scrutiny or slow, expensive workarounds. Oversight and control of users is made even more complex if you have to manage access across multiple systems. With a doubling of effort if domestic and international payment are split too.

Of course, duty segregation only works if you have strong, multi-factor authentication for secure access, especially for a cloud-based, remote access solution. The remote work spike during the pandemic has created a surge of interest in this area as AP teams struggled to access hardware-based authentication devices from home.

AML screening is another required feature that's needed to enforce compliance with international sanctions regulations. A payment solution must allow you to screen beneficiaries against the latest watchlists with safe or whitelists used to ensure no delays to genuine payments. It's important that this beneficiary screening is done on an on-going basis, as the watchlists continually change.

Effective Risk Reduction Strategies

Every finance and AP team needs to be confident that they're operating the most effective risk reduction strategies.

This extends to ensuring that all of your banking and payment partners have sufficient liquidity. It's imperative that funds are always protected, so any payment provider must use Tier 1 liquidity partners for the highest levels of confidence.

The new breed of payments platforms, like PTX, also ensure that all payments are safeguarded and segregated from other clients. This is a fundamental feature and the most practical way to protect customer funds.

Validating transactions is another essential component for minimising the risk of fraud. While it may not be realistic to verify the owner of an overseas bank account, it is possible to validate the format of the bank account details and IBANs in real-time, thereby reducing errors and delays in payments.



But perhaps most importantly, modernising your international payments makes it easier to do business overseas.



Bottomline International Business Payments: The Obstacles And The Options
IT'S STILL BEING THE MOST COMPLICATED BUSINESS TASK EVER BEEN
BY INTERNATIONAL
When it comes to making international payments, the banks are no longer the only game in town. Choosing a fully accredited e-money service, such as PTX International Payments, lets you streamline your payments processes, manage cash more effectively, support supply chain continuity and drive down risk. The benefits in terms of AP efficiency, transparency and accountability are significant. But perhaps most importantly, modernising your international payments makes it easier to do business overseas. With the post-Brexit UK building new international trade agreements, it's clearly the right time to streamline crossborder commerce.

Article One: The Obstacles And The Options

[Read the Guide](#)

Conclusion: A New Alternative

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About Bottomline

Bottomline helps businesses transform the way they pay and get paid. A global leader in business payments and cash management, Bottomline's secure, comprehensive solutions modernize payments for businesses and financial institutions globally. With over 30 years of experience, moving more than \$10 trillion in payments annually, Bottomline is committed to driving impactful results for customers by reimagining business payments and delivering solutions that add to the bottom line. Bottomline is a portfolio company of Thoma Bravo, one of the largest software private equity firms in the world, with more than \$130 billion in assets under management.

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