

Making **International Payments** as easy as domestic payments

Article three

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According to a recent report by McKinsey, 'Making international payments as efficient as domestic payments is inevitable'.

We couldn't agree more – but simply continuing on the path set by legacy cross-border payment approaches won't get us there.

One thing is clear: **the pressure is on**. Instant and real-time domestic payments between people and businesses are now simply expected. Customer tolerance for slow, expensive international payments is disappearing.

Fortunately, international payments are starting to catch up. The new SWIFTgpi initiative and SEPA Instant Credit Transfer schemes are delivering dramatic improvements in payment speed and visibility.

Unsurprisingly, more businesses are looking beyond the traditional bank payment network to embrace new solutions that offer choice, cost advantages and flexibility. These benefits stem from new and alternative payment routing, streamlined back-office processes and optimised workflows that gives customers choices about how and when payments are made.

Payment routing

Having a choice of international payment routing options has previously been limited to the SWIFT network. SWIFT is ubiquitous and offers adequate speed but is comparatively expensive.

Today, specialist payment providers are building their own international payment networks using banks in key destinations to access domestic payment rails, such as ACH in the United States. Payers then have the option of using SWIFT or opting for “local” routing depending on the destination, currency account and urgency of the payment.

As an example, Bottomline’s PTX platform offers low-cost “regular” routing to thirteen different countries, significantly reducing the cost of sending a payment to the major destinations. Payments are also sent on an OUR basis to ensure that beneficiaries receive the full value of the payment (invoices are settled in full). The payer always has the choice – making a regular payment, using local networks, or choosing priority payment, using SWIFT.



Time is of the essence

Most business processes are time dependent and international payments are no exception.

The complexity of international transfers affects the time needed to complete a payment. This depends on several factors, including:

- The time difference between sending and receiving countries
- The day and time that you make the transfer
- Whether or not you’re buying (exchanging) currency
- Any additional verification checks that may need to take place for bulk transfers

If you need to make a time-critical payment, it’s important to recognise these factors and to take into account the cut-off times for any currency exchange and for the payment itself.

Bulk payments via local routing

For businesses making regular bulk payments, such as payroll, having the choice of alternative low cost routings becomes important.

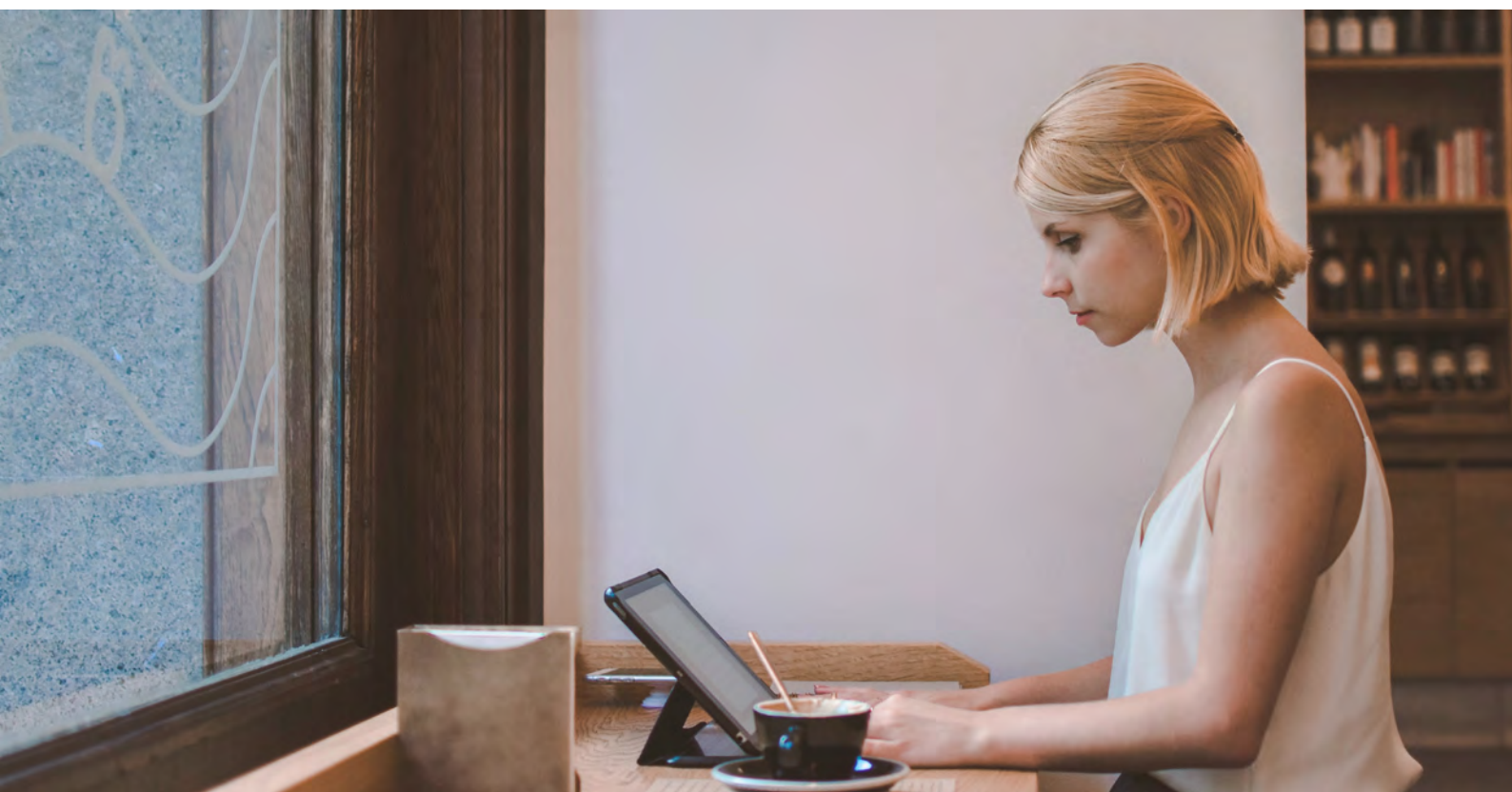
With PTX International Payments, the “regular” routing option (using local payment networks for the “last mile”) costs £3.50 per payment, compared to £10-£25 for a payment over SWIFT, depending on the destination. With PTX offering regular routing to thirteen major countries, the annual savings in transaction fees can add up to tens of thousands of pounds.

The efficient management of batch payments can also save a significant amount of time. Many payment services still require each payment to be keyed manually, both in the setting up of the beneficiary template, and also in making the payment itself. If the beneficiary details are not stored on the platform, this has to be repeated every month. Using a bulk upload process can save significant amounts of time in processing international payment runs.

And when you upload a bulk file to the payment platform, it should be supported by effective error handling to flag any errors and omissions early. This allows for speedy remediation, preventing delays and payment failures.

An efficient international payment system, such as PTX, will perform real-time validation to ensure the right information is gathered for the destination and that account numbers and IBANs are valid. AML and fraud checks are also built into the process – not just once, but for each and every payment.

The combination of a low-cost routing alternative to SWIFT and the ability to make bulk payments with real-time data validation drive down costs while improving operational efficiencies – direct and measurable benefits.



Conclusion

The growth in international trade is fueling demand for better speed, efficiency, transparency and value for international payments. The new breed of cloud-based payment platforms gives businesses a new option to meet that demand.

For the first time, businesses can optimize how and when international payments are made, optimizing for payment speed, convenience, urgency or cost.

McKinsey is right. Every business is now used to convenient domestic payments and increasingly expect the same transparency and speed for international payments. And having both domestic and international payments on a single, cloud platform like PTX allows you to manage all your business payments from one familiar place, improving processes, visibility and control.

International business has never been so important. Welcome to a new era of international business payments.



Read Article two: *Removing the barriers to International Payments*

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Bottomline (NASDAQ: EPAY) makes complex business payments simple, smart and secure. Corporations and banks rely on Bottomline for domestic and international payments, efficient cash management, automated workflows for payment processing and bill review, and state of the art fraud detection, behavioral analytics and regulatory compliance solutions. Thousands of corporations around the world benefit from Bottomline solutions. Headquartered in Portsmouth, NH, Bottomline delights customers through offices across the U.S., Europe, and Asia-Pacific.

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