Money in motion

What it takes for banks and fintechs to win in the next era of cross-border payments

Introduction

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> SMEs are raising the bar for cross-border payments. The providers that deliver speed, transparency and trust will be best positioned to strengthen customer loyalty and unlock new growth opportunities.

For years, serving small businesses that move money internationally has been driven by price: cut fees, tighten margins and undercut competitors. Our latest research suggests the market is rapidly changing. Cost still matters, but trust, speed and transparency are increasingly shaping how SMEs choose who moves their money.

With Bain & Company, we surveyed more than 1,000 SME decision-makers across 11 markets to understand what drives provider choice in cross-border payments today. Trust and speed emerged as the most important factors, followed by transparency and cost. At the same time, the market appears increasingly open to competition, with 91% of SMEs planning to switch providers by 2028 and most already using multiple providers.

Our findings show how SME expectations are changing and why providers must think beyond the transaction itself. Businesses now expect greater visibility, predictability and control over how money moves across borders, alongside services that help them manage risk, liquidity and growth.

SME cross-border payments are becoming an increasingly important part of the global B2B payments landscape. As more SMEs expand internationally and do so earlier in their business lifecycle, their needs are becoming more visible, complex and strategically important for providers.

For banks and fintechs alike, this represents a significant opportunity. While banks remain the leading providers of cross-border payments today, our research suggests competition is intensifying. The providers best positioned to succeed will be those that invest in the evolving needs of SMEs and deliver seamless, transparent and reliable payment experiences. The stakes extend beyond payments too, as the institutions that deliver seamless, transparent and reliable payment experiences are more likely to earn opportunities to serve SMEs across a wider range of financial needs.

This is where Mastercard Move can help. Through a single connection to a global money movement network spanning more than 200 markets and 150+ currencies, with reach across bank accounts, digital wallets, cards and cash, partners can enhance speed, transparency and reliability without rebuilding existing infrastructure. Backed by Mastercard's global network, banks and fintechs can deliver the experiences SMEs increasingly value while maintaining the services and relationships that differentiate them.

This report explores what these changing expectations mean for banks and fintechs, and how providers can strengthen customer relationships, win a greater share of SME business and stay ahead in an evolving market.

Pratik

Mastercard Move completed an end-to-end cross-continental B2B payment, from the US to the Philippines, in just under a second, a new personal best and faster than the F1 pit stop world record of 1.8 seconds, set by McLaren in 2023.

Laura Bowden
Chief Financial Officer
McLaren Racing

A Formula 1 team is constantly on the move. Across a season, we set up camp in more than 20 cities across the world, working with hundreds of suppliers in every one of them. We can't stay ahead unless money moves as fast as the cars do: we need to know where a payment is and when it's going to land, with no room for delay – it's the exact precision we expect from a pit stop.

Behind every driver and every car is a team, constantly refining and optimizing to deliver the performance that matters in F1.

The same discipline that gets a car serviced and back on track in under two seconds is what Mastercard has built into Move: strip out friction, cut the time a payment sits in transit, and make sure everyone in the chain knows exactly where their money is. McLaren and Mastercard Move reflect the same thinking, applied to a different track.

Racing and money movement run on the same principle – the teams that keep innovating stay ahead. That's as true in the pit lane as it is for the banks and fintechs this report is for.

3 in 4

of SMEs reported exploring or actively looking for value-added service providers, with 48% looking for additional tools to improve efficiency.

"SMEs may not leave a payments provider after one poor experience, but repeated delays, unclear costs or unexpected FX charges can quickly erode trust, especially when supplier relationships are on the line.

That is where trusted cross-border payment infrastructure matters. By connecting to global networks like Mastercard Move, we can help give SME customers greater confidence when money needs to move across borders.

For our customers, that confidence comes from the experience around the payment: being able to pay suppliers quickly, manage transactions across currencies, reduce unnecessary FX costs, and give finance teams one place to see and track their money. The providers that earn lasting loyalty will be those that make cross-border payments feel simpler, more predictable and easier to manage for SMEs."

Pranav Sood,
Chief Financial Officer,
Airwallex

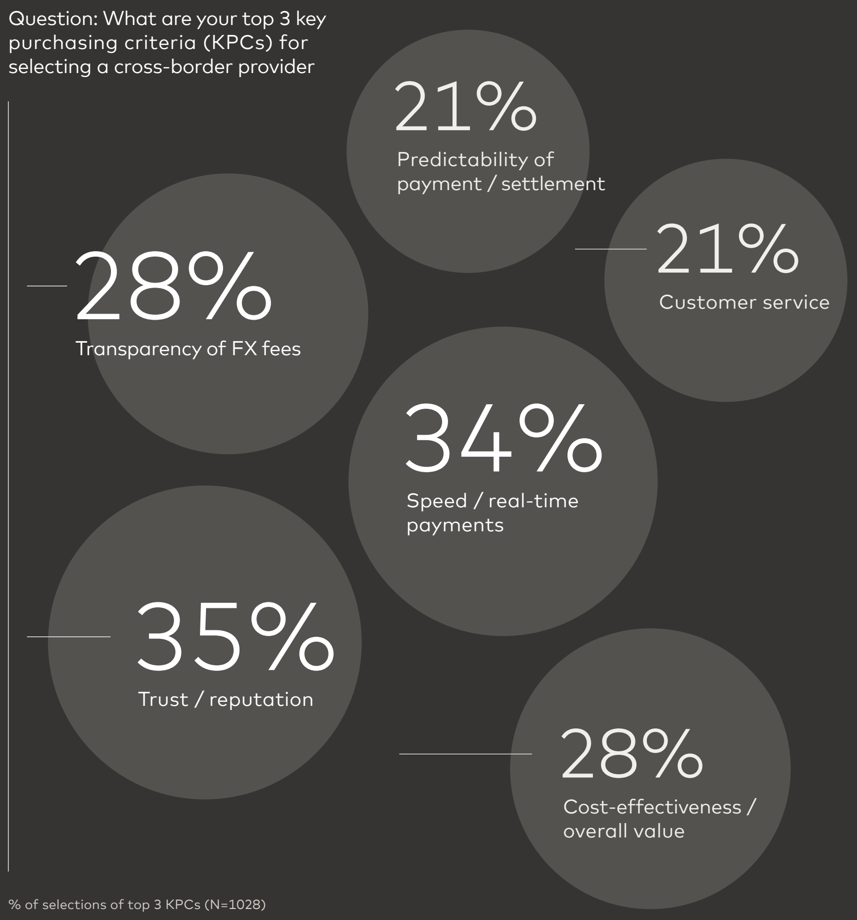
Hero Insight:

Many SMEs rely on global sourcing with cross-border payments core to their business. Our research reveals that nine in ten SMEs are open to switching provider, yet trust is the anchor that stops them from doing so. With fintechs, MTOs and stablecoin platforms competing for business, the threat to banks is clear.

Speed (67%), cost (44%) and transparency (44%) are what drive switching. Trust is the single biggest reason SMEs don't switch, cited in 20% of mentions, ahead of concerns about operational disruption (15%) and transition costs (11%). Importantly, SMEs appear to define trust broadly: confidence that payments will arrive reliably, costs will be understood in advance and issues can be resolved when they arise.

To retain an SME's business, banks need to build on their existing relationships to address those key purchasing criteria. But many traditional banks were designed around large currency transactions, rather than small payments to diverse suppliers. Mastercard Move reduces friction, with fewer intermediaries, transparent fees and the pre-funded model means near real-time payments.

Key purchasing criteria show little variation across regions and company sizes.

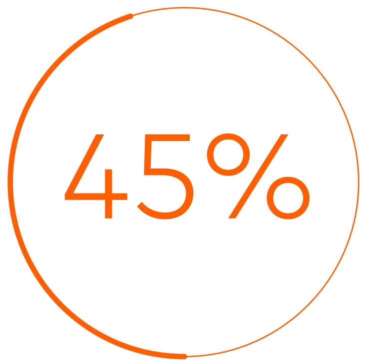


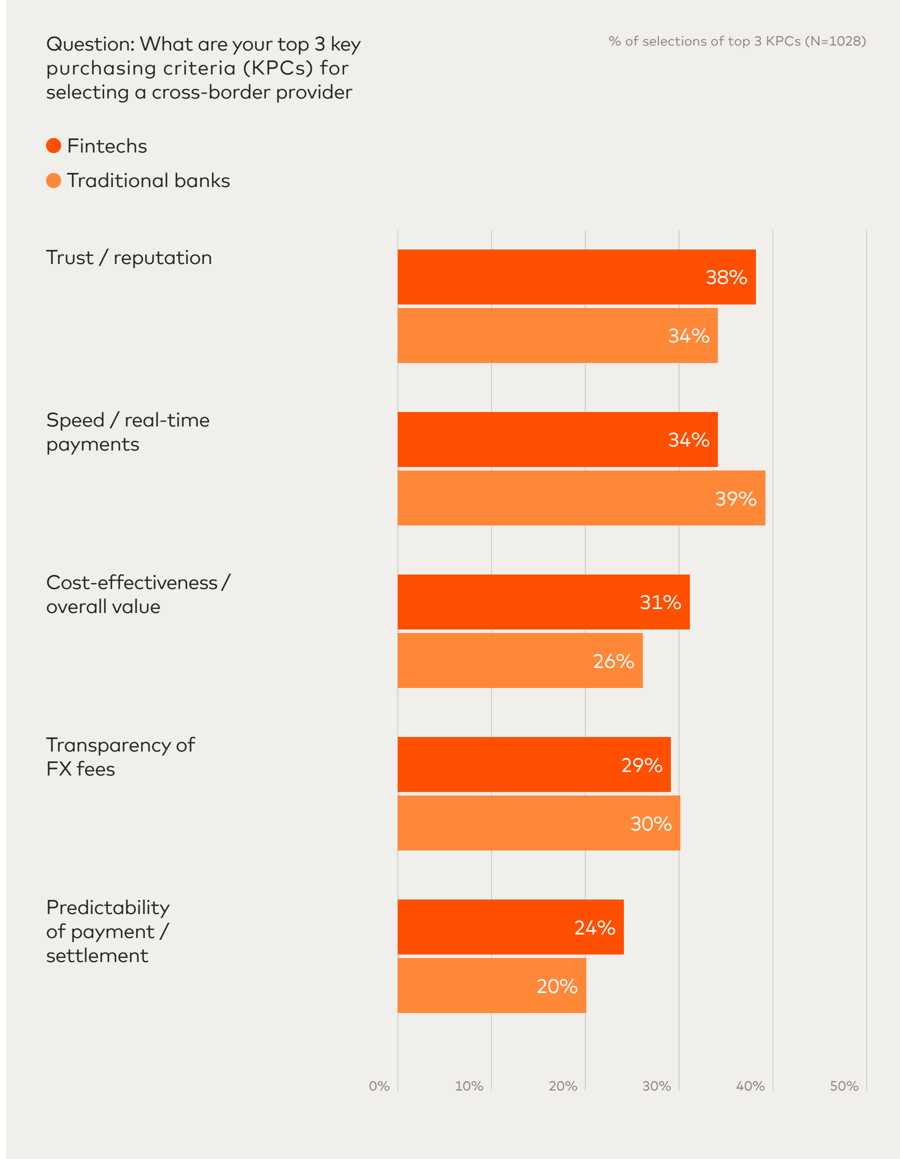
> I would definitely prioritize trust over cost when it comes to any financial provider.
>
> Mary Bemis, small business owner, USA

The threats and opportunities become clear when looking at what leads SMEs to their provider choice. Banks and fintechs are winning different arguments: SMEs whose main provider is a bank rank trust (38%) and cost-effectiveness (31%) as top criteria; those whose main provider is a fintech rank speed (39%) and customer service (25%) highest.

As highlighted in the preface to this report, cost isn't the most important factor: trust and speed is – with transparency not far behind. There's a satisfaction gap here, with the fintech promoter score (+49) outperforming those of traditional banks (+39). For banks to retain or win business, delivering on speed and transparency is paramount.

In the UK, nearly half (45%) of SMEs say clearer, more transparent charges would be the biggest thing that would keep them loyal to a payment provider.





85%

of SMEs use multiple payment providers.

The direction of travel is already evident in behaviour, not just intent. Over the next two years, 6 in 10 SMEs with a fintech today expect to stay, and fewer than 1 in 10 are considering a bank. Among bank users, it's less settled, with only 4 in 10 expecting to stay and 37% already considering a move to a fintech. While trust may keep some SMEs with traditional banks, detaching and delegating cross-border payments to an alternative provider is already happening. Some 9 in 10 firms are already using multiple payment providers for money movement and the migration patterns show SME customers' choice is increasing while brand loyalty declines. Ultimately, innovation within cross-border services will be the key to retaining as a well as acquiring these agile businesses.

The US bucks the trend, with 60% of SMEs saying they're likely to stick with a traditional bank based on trust and existing relationships alone.

> In 2024, I had so many problems with getting paid from abroad that I had to stop taking international orders for three months. It was a major setback for my business.

Silvia Şerban, small business owner, Romania

Migration flows from current and projected share next 3 years (%)

● Fintechs ● Traditional Banks ● Other providers

30%
Fintechs

42%
Traditional Banks

28%
Other providers

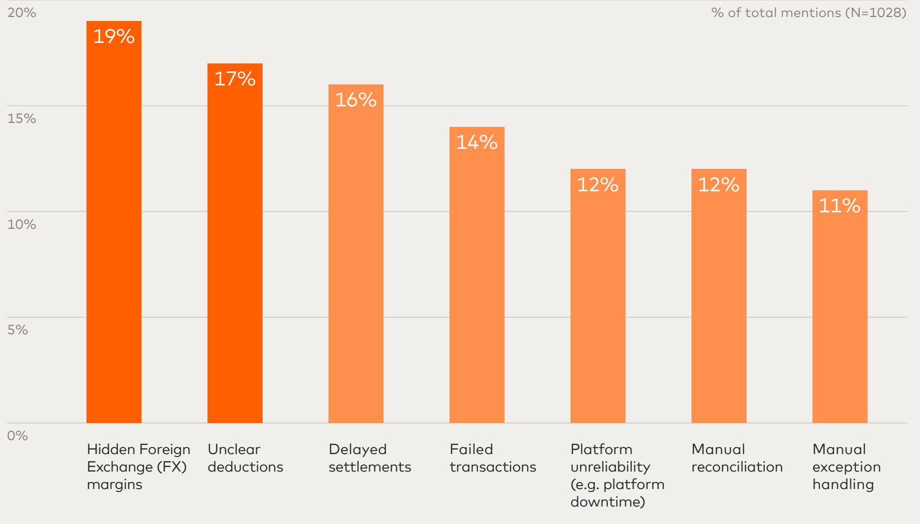
48%
Fintechs

28%
Traditional Banks

24%
Other providers

Question: Which factors make providers appear 'cheap' but increase total cost?

● Non-transparent pricing (~1/3)
● Operational inefficiencies (~2/3)



97%

of SMEs in India would switch provider for a single platform carrying their preferred value-added services.

54%

In Mexico, 54% of SMEs rank security and fraud prevention among their top drivers of satisfaction.

Turning to transparency, SMEs highlight real-time FX visibility (46%) and clear pricing dashboards (44%) as top factors in improving cost perception. The message is clear that the visibility, which helps build trust, is more important than headline pricing – businesses want clarity on final cost of payments.

Operational inefficiencies, like delayed or failed transactions, not only cost SMEs hours, but damage relationships with their suppliers. Clear total costs, a reliable service, and managing customer cost perception help providers remain competitive.

Beyond the top two, predictable delivery times (37%), validation services such as account checks and IBAN generation (33%), and automated reconciliation (31%) round out what SMEs say would most improve their sense of true total cost, reinforcing that visibility and reliability, not headline price, are what build trust here.

In competitive cross-border payments, speed, price and reliability are the basics. To really stand out, value-added services (VAS) are now a core purchase driver: three-quarters of SMEs are already exploring additional tools or actively looking for solutions beyond core payments. Importantly, 9 in 10 firms would switch providers if the VAS they want is offered seamlessly. The winners will be those packaging value around transactions.

Payment tracking (43%) and fraud detection (42%) services are ranked highest among potential VAS. Mastercard Move already offers both: fraud analytics and risk-control services, and end-to-end visibility that lets providers and their customers see a payment's status in real-time.

Beyond payment tracking and fraud detection, SMEs point to validation services (35%), FX hedging and forward contracts (35%), multi-currency and virtual accounts (33%) and tax reporting and advisory (32%) as the next tier of value-added services they'd want bundled in by their provider – a broader toolkit that can be the differentiator and key to longer relationships.

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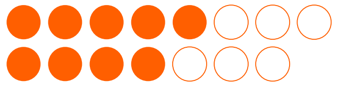
Summary

Fintechs now outperform banks on 9 of 15 key purchasing criteria.



What stands out in our findings is why this shift is happening. Fintechs now outperform banks on 9 of 15 key purchasing criteria, with the widest gaps in transparency, operational efficiency, and cost effectiveness, some of the areas SMEs say matter most to them. Increasingly, that performance advantage is projected to translate into market share.

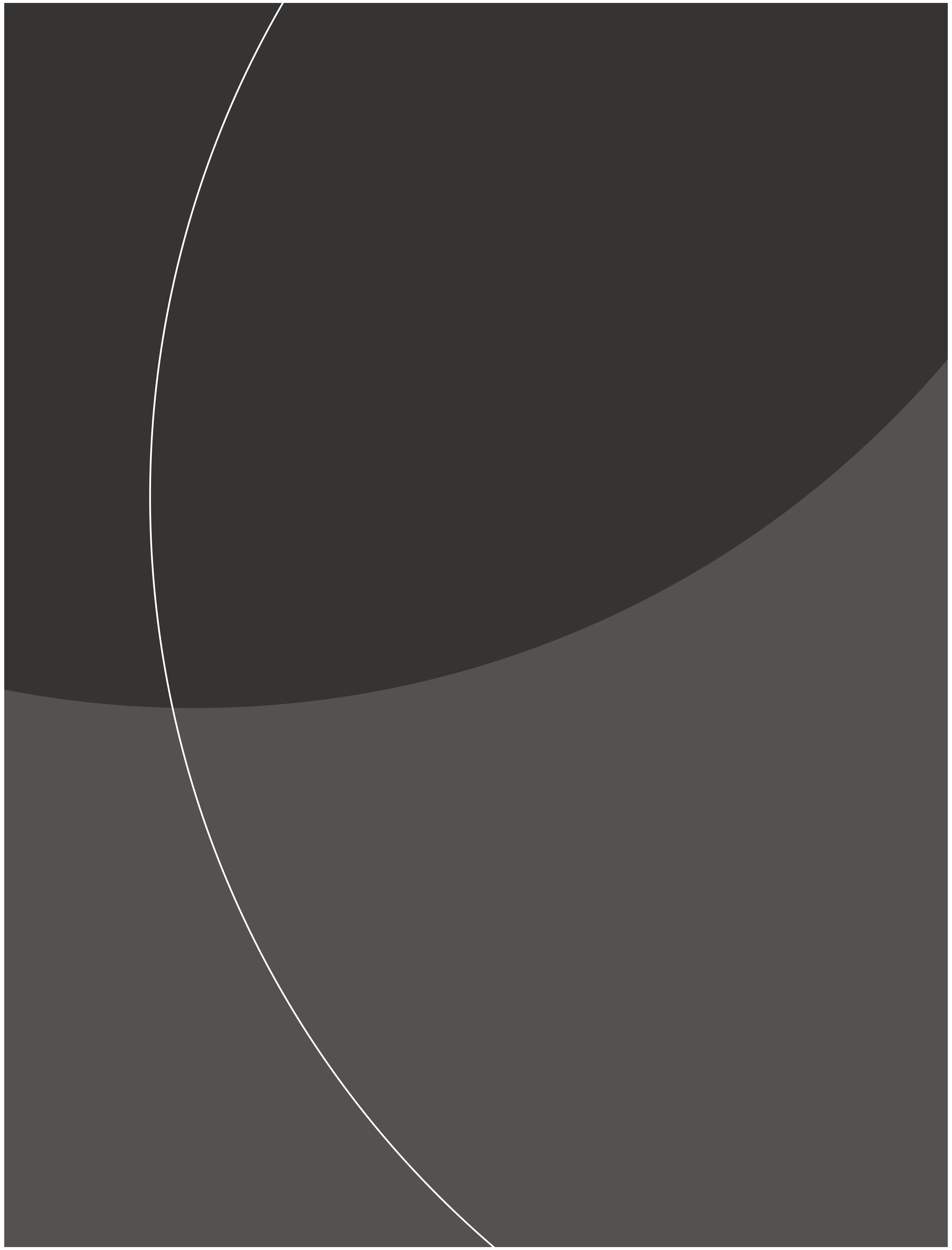
Fintechs have moved quickly to meet changing customer expectations, growing from a fringe option to 30% of the market, and are projected to capture half the market (48%) by 2029. Some of that momentum comes from agility, as they start with less legacy infrastructure to work around. Banks still hold the largest share of the market and continue to rank highest on trust. But if they fail to keep pace with SME expectations around speed, transparency and operational efficiency, their share is projected to fall from 42% to 28% over the same period.

Neither position is fixed. Banks have relationships fintechs are still earning, while fintechs have built experiences and capabilities that many banks are still working to match. The winners will be the providers that combine trust, speed and transparency rather than treating them as trade-offs.

Mastercard Move helps both bank and fintech partners meet those expectations. Rather than building and maintaining correspondent banking relationships market by market, partners can connect to a trusted global network that helps them deliver the capabilities SMEs increasingly value most.

The race for SME cross-border business will not be won on price alone. It will be won by the providers that can earn trust, deliver speed and offer transparency at every step of the payment journey.

> The winners will be the providers that combine trust, speed and transparency rather than treating them as trade-offs.



About Mastercard

Mastercard powers economies and empowers people in 200+ countries and territories worldwide. Together with our customers, we're building a resilient economy where everyone can prosper. We support a wide range of digital payments choices, making transactions secure, simple, smart and accessible. Our technology and innovation, partnerships and networks combine to deliver a unique set of products and services that help people, businesses and governments realize their greatest potential.

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