

Centtrip Guide

Better International Business Payments



Centtrip

Are your payments faster than freight?

Cross-border business continues to grow and with it the volume of cross-border payments.

According to the authoritative McKinsey Global Payments Map business-to-business cross border payments totalled \$133 trillion in 2018, 98% of total cross-border payment flows. Overall, annual growth was 4%, but the SME segment grew at 2-3 times the pace of large corporates, driven in part by the growth of international ecommerce.¹ It's a market dominated by banks (with over 95% market share).²

In our personal lives, instant payments are the norm. In domestic B2B payments too, initiatives like the UK's Faster Payments³ have driven near-instant payments.

Stepping for the first time into the world of cross-border B2B payments can be a shock. Delay and opacity seem standard. Unexpected costs and lack of traceability are to be expected.

If you scratch beneath the surface of international bank payments to the world of correspondent banks and nostro / vostro accounts, you begin to understand why. The system has its roots in the earliest days of banking in Venice and Genoa.⁴ You can almost hear the system

creaking like the canvas on Renaissance merchant ships.

It's not simply increasing demand that's straining the system. There's also the burden of regulatory compliance from anti-money laundering (AML) and know your customer (KYC) rules. Choose the wrong route for your payment and the money will disappear into the twilight zone. It's left your bank account, but your payee won't see the money for 2,3,4 days or longer.

How can that be? When your two-year-old can wave to grandma on the other side of the world with just your pocket phone and she can send instant pocket money at the tap of a screen?

Change is coming. The banks are working to improve their systems, but to change existing, leviathan systems takes time. Meanwhile, FinTech disruptors offer alternative approaches.

For many businesses, banks are the default, go-to option for international payments. But, to decide what's best for your business, you need to understand the options, their potential delays and the hidden costs of each.

The Centtrip guide to international business payments is designed to help you send payments across the globe, faster than freight, without it costing the earth.

1. McKinsey (2019), [Global Payments Report 2019](#)
2. McKinsey (2015), [Global Payments 2015: A Healthy Industry Confronts Disruption](#)
3. www.fasterpayments.org.uk
4. Bank of England (2011), [The history of interbank settlement arrangements](#)

SWIFT

Today, most international business payments are sent by “wire transfer” using SWIFT.

SWIFT (Society for Worldwide Interbank Financial Telecommunication) is a messaging, rather than a payment, system. It’s used by banks to securely send money across borders to other banks.

For example, if you ask your UK bank to send money to a supplier’s account in a bank in Singapore, it will probably use SWIFT. The SWIFT system enables your bank to find a “correspondent” bank that has relationships with itself and the supplier’s bank.

The money is effectively transferred from your bank to the UK branch of the correspondent bank, then to the correspondent’s Singapore branch and finally to the Singapore bank of your supplier. Often, there is more than one correspondent bank involved, stringing together separate legs of your money’s journey. At every stage, there is opportunity for fees and delay.



How much does a SWIFT payment cost?

UK banks usually charge between £25 and £40 per transaction, but every bank along the way (including the recipient’s) may deduct their own fee in addition. Of course, you are also subject to your bank’s foreign exchange rate which may be less favourable than the open market.

How long does a SWIFT payment take?

SWIFT payments typically take between three and five days, but can take much longer depending on the processing bank and system at every stage. Banks seldom work at weekends and usually have a daily cut-off time for international transfers. If you start a payment too late on a Friday, it won’t even begin its journey until Monday morning.

There are horror stories of money going missing for weeks and, as the Guardian newspaper observed, it can often feel faster to simply take a suitcase of cash on a plane.⁵

SWIFT gpi

SWIFT gpi (Global Payments Innovation) promises to make cross-border payments faster and more trackable than traditional SWIFT payments. Currently being rolled out internationally, SWIFT estimates that 50% of gpi payments are delivered within 30 minutes and aims for all payments to be trackable, end-to-end, by 2020.⁶

5. [The Guardian, Anna Tims](#) (2018), Need a bank to send money abroad? It’s faster to take a suitcase of cash on a plane
6. Alain Raes, Chief Executive EMEA and Asia Pacific, SWIFT, writing in [The Paypers \(2019\)](#), B2B Payments and Fintech Guide 2019

SEPA

*The Single Euro Payments Area.
A European Union initiative to simplify
and speed euro-denominated payments
across member states and territories.*

It covers the 28 EU member states plus Iceland, Norway, Liechtenstein, Switzerland, Monaco, San Marino, Andorra and the Vatican City State.⁷ In March 2019, it was confirmed that the UK would remain a member after Brexit.⁸

Under the SEPA initiative payments can be made between parties in different SEPA countries as “easily and rapidly” as if the parties were in the same country. In effect, payments take a maximum of one business day under the SEPA Credit Transfer scheme.⁹

SEPA is currently rolling out its Instant Credit Transfer scheme (promising payments within a maximum of ten seconds) and so far has signed up 51% of European payment service providers.¹⁰

Under SEPA rules, banks must charge the same for a cross-border SEPA payment as they would for a national payment in euros. Obviously, in the UK that need NOT be the same as their charge for a domestic payment in sterling.

7. www.europeanpaymentscouncil.eu/about-sepa

8. www.europeanpaymentscouncil.eu

9. www.europeanpaymentscouncil.eu/what-we-do/sepa-credit-transfer

10. www.europeanpaymentscouncil.eu/what-we-do/sepa-instant-credit-transfer



"If a marina doesn't take payment by bank transfer, I can instantly move additional funds onto a captain's card and he can pay with that. The flexibility and how quickly everything can be achieved with Centtrip is just incredible."

Rob Dolling,
Director of Sales & Purchase, Management and New Construction, Verpeka Dolling



Card payments

Don't forget the humble debit or credit card.

FinTech firms (including Centtrip) have revitalised card payments with many highlighting the benefits of instant transparency, especially for international payments. Most, however, are consumer offerings.

Centtrip's prepaid Mastercard is designed specifically for the needs of high-value, internationally-mobile, business clients. With the highest balance and spend limits in the industry, the Centtrip card is an ideal solution for international payments.

Benefits of the Centtrip card include:

- Hold up to 15 currencies on a single card.
- Up to £350,000* balance per card.
- Spend up to £150,000* in a single point-of-sale or online transaction.
- Withdraw up to £4,000* from ATMs anywhere in the world (displaying the Mastercard logo).
- Manage multiple cards from one account through a single user interface, on web or mobile app.

* Higher cash withdrawal levels, card balances and transfer limits are available upon request subject to status.

Other international payment options

The FinTech factor

Any market that's slow, expensive and opaque is ripe for disruption and that's exactly the case with cross-border payments.

Increasingly, tech is taking apart the components of international business payments and finding ways to improve value, not least by disintermediating the middlemen of the correspondent banking model.

McKinsey talks about the "emerging era of 'payments as a service'", noting that "Niche players with a compelling offer for a specific vertical – encompassing payments and likely beyond – also stand to disrupt the banking market. They will dominate a segment by offering a few world-class integrated products that are hyper-focused on the segment's needs."¹¹

The following international payment options reflect innovative responses to user demand for speed, transparency and lower cost.

"With Centtrip, we can convert payments to recipients' currency and send it internationally to their bank in their currency, so they don't incur charges. The cost savings for Royal Opera House were around £38,500 per year, and our recipients were getting better rates, too. That's a huge amount of money, especially when you think we were just throwing it away, before."

Graham Watson,
Head of Financial Accounts, Royal Opera House

Platform and peer-to-peer models

FinTech solutions based on peer-to-peer (P2P) or platform approaches are also entering the market.

Many of these are geared towards the needs of the fast-growing SME segment and often focus on single transactions only, rather than offering a bulk or batch payment option.

Others, like Centtrip, offer a richer set of payment options tailored to the needs of business at all scales.

Blockchain, Bitcoin and cryptocurrencies

Cryptocurrencies like Bitcoin and other solutions built on the same blockchain and distributed ledger technology (DLT) are gaining ground in the world of international payments.

One of the biggest attractions is the technology's ability to cut out the middleman and side-step old-world, bureaucratic interference.

Cryptocurrencies have the potential to increase speed and security while reducing cost.

DLT is gaining grounding within the banking sector with major incumbents like Visa launching DLT-based solutions (Visa's B2B Connect launched in mid-2019).¹²

However even Bitcoin, the best established of cryptocurrencies, is not widely accepted in many countries and is even illegal in some. Consequently, using Bitcoin for international payments can mean two sets of exchange (from home currency to Bitcoin, and from Bitcoin to recipient's currency) at sometimes volatile exchange rates.

Cryptocurrencies, and DLT more broadly, hold a huge amount of promise but, for many businesses, they don't yet have the necessary maturity or critical mass to be a viable solution.

11. McKinsey (2019), *Global Payments Report 2019*

12. FinExtra (2019), [Visa launches DLT-based cross-border payments platform](#)

CenttripNow

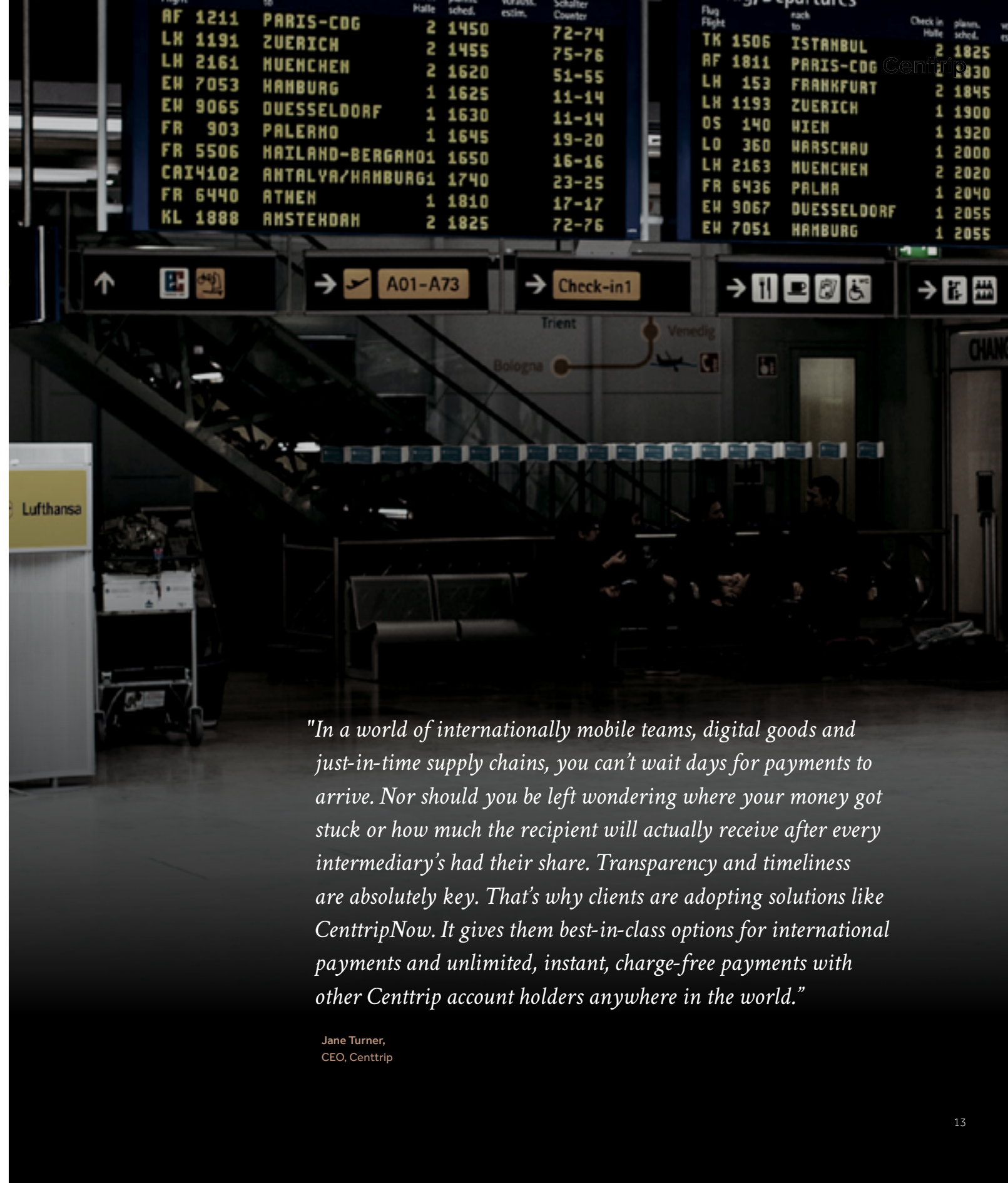
CenttripNow enables clients to make payments (unlimited in size or volume) in up to 15 currencies within seconds, without charge, across the globe.

Sent and received in real time, the funds are instantly available for use in the recipient's Centtrip account.

With CenttripNow, clients avoid the usual pain-points of making international payments:

- Make payments at any time, wherever you are, not tied to time zones, not limited by the opening hours of your bank.
- Make payments instantly and avoid the risk of delayed or lost transactions.
- Avoid unexpected costs. CenttripNow payments are free.
- Avoid currency fluctuations.
- Rest assured. Centtrip is an FCA-regulated Electronic Money Institution (EMI).

CenttripNow makes it fast, simple and safe to make payments across your business network.



"In a world of internationally mobile teams, digital goods and just-in-time supply chains, you can't wait days for payments to arrive. Nor should you be left wondering where your money got stuck or how much the recipient will actually receive after every intermediary's had their share. Transparency and timeliness are absolutely key. That's why clients are adopting solutions like CenttripNow. It gives them best-in-class options for international payments and unlimited, instant, charge-free payments with other Centtrip account holders anywhere in the world."

Jane Turner,
CEO, Centtrip

Centtrip, Always on the money.

Centtrip is a multi-award winning provider of multi-currency payments and treasury management solutions for an increasingly borderless age.

We make life simpler, safer and more rewarding for organisations that manage multiple, internationally -mobile teams – music acts, road crew, ships' crew, film crew, consulting, legal or audit teams.

Our award-winning solution gives you real-time, anytime visibility and control over multi-currency deposits, international payments, foreign exchange and multi-currency cards. We help you streamline payments, reduce currency and cash-carrying risk, and optimise international income flows.

Centtrip is the ideal partner for international payments. A Centtrip account allows you to make individual and batch payments in foreign currencies across the globe, within seconds and without limits.

With CenttripNow, you can send and receive payments between Centtrip accounts, instantly, unlimited and free of charge.

Our single interface allows you to control multiple, separate cost centres, on desktop or mobile, wherever you are. We give you real-time reporting, reconciliation, insight and analytics.

With a Centtrip account, you can

- Deposit and manage up to 15 currencies in unlimited value.
- Manage foreign exchange in 140 currencies at live-market rates.
- Make international and local payments across the banking network, using SWIFT, SEPA, Faster Payments and other local networks.
- Create and/or upload payment batch files to streamline payments.
- Transfer money instantly, 24/7/365, in 15 currencies with CenttripNow.

And, we provide responsive, 24/7 support from experts who understand your world.

Our cutting-edge technology, premier financial services and dedication to customer experience have made us industry leaders in the marine and music sectors, which has paved the way for success in other areas, including aviation, film, sports, and media.

With Centtrip, you're always on the money.

Better international payments

The world of international, B2B payments has long been one of delay, expense and opacity. Not before time, this is beginning to change.

Large incumbents are partnering with agile FinTechs to side-step their own legacy infrastructure, while those FinTechs are increasingly addressing the needs of business, rather than consumers.

Understanding the sources of hidden cost and delay, along with the advantages of different, newer offerings can help you select an effective payments partner for all your international needs.

Aspects to consider include:

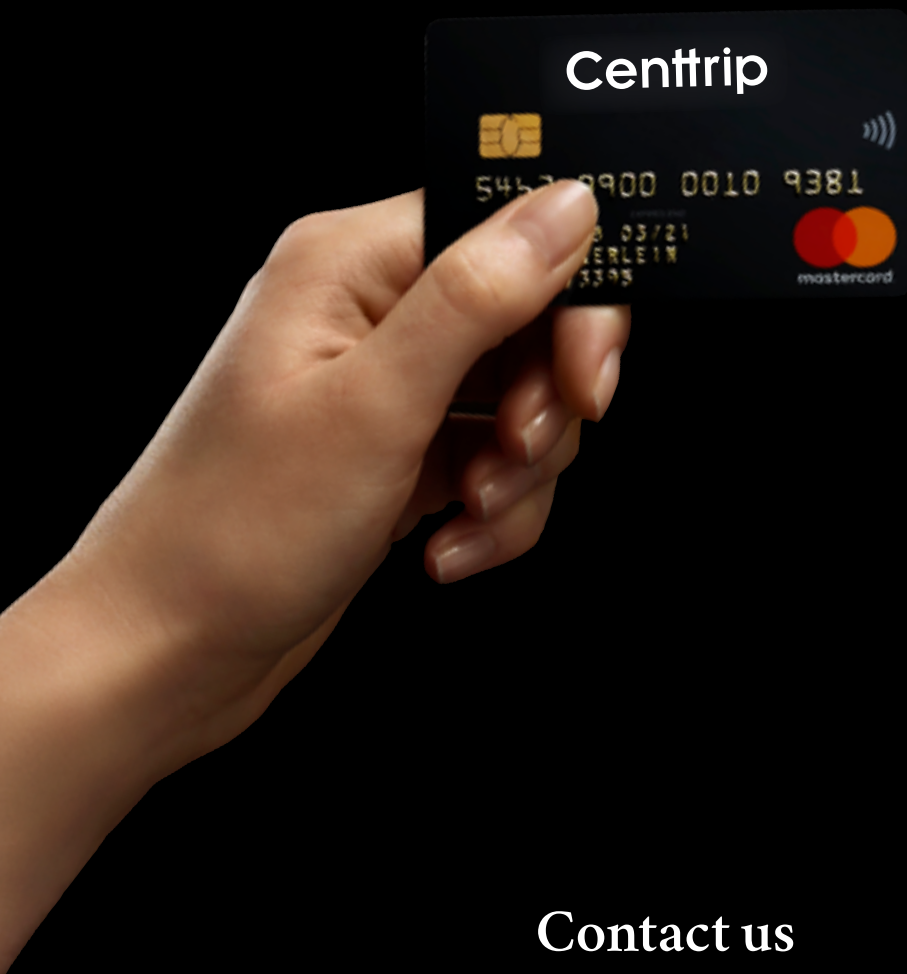
- Responsiveness – do you need to send money instantly and at short notice, wherever you are at any time?
- International reach – Do you pay a smaller number of partners in a single country, or do you need to pay people all across the world?
- Volume – Do you make occasional, ad hoc, single payments, or do you regularly make large, batch payments to recipients in different countries?

Choosing the right partner can save time and money in operations as well as in the actual transfer of funds.

Centtrip supports organisations with internationally mobile teams and assets. We specialise in multi-currency payment and currency management solutions for this increasingly borderless and dynamic age.

Contact us today to explore how Centtrip can support you better manage international payments for your business or your clients.





Contact us

Get in touch today to find out how Centtrip can help
you better manage international payments.

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