



SWIFT Payments

Client



Find out how PagoFX is leveraging its SWIFT connectivity to deliver easy, low-cost overseas payments to its customers

PagoFX is an international money transfer app that lets users send money abroad quickly, easily and at low cost, yet with all the trust and security of a regulated bank. PagoFX has chosen SWIFT's infrastructure to connect and send payments seamlessly. The ambitious next step is instant cross-border payments, account to account, anywhere in the world.

When Ana Botín, Santander's executive chairman, learned her son was using an online, non-bank funds transfer service to make overseas payments, she wanted to know why. The answer: low fees, easy-to-use and fast. It brought close to home the pressing need for incumbent banks to provide greater certainty on fees and delivery for retail cross-border payments. Botín immediately set Santander on the path to compete strongly in the sizeable market for remittances and low-value payments.

With this determined backing from the top, a solution was quickly developed for internal customers offering fast, low-cost international transfers to a small number of easy-to-reach destinations. Take up of the pilot was positive, so next the challenge was to scale up and deliver a highly competitive service as a separate entity, with reach into multiple markets and open to all.

Building a seamless digital experience

PagoFX by Santander came to market in April 2020 as an independent company with its own brand, but with the trust and reputation of Santander

behind it. Mike Schumacker, founding Treasurer and Head of Payments and FX at PagoFX, explains: "We decided to spin off an independent company because this gave us the opportunity to start from scratch and build customer on-boarding, customer service and payments execution anew. It's not just the payments experience that can be found wanting at banks, the entire digital journey can be slow and cumbersome. We wanted to change all that."

PagoFX is available to individuals and small businesses in the UK, plus individuals in Belgium and Spain for transfers to 50 countries. It offers a completely app-based experience, with fast sign-up, clear costs and FX rates shown upfront and rapid, usually same-day, delivery of funds. While on-boarding customers to traditional banking services can take days, "PagoFX gets customers to the point of making cross-border payments in five clicks and less than two minutes," says Schumacker. Customers can pay for their transfer simply too, using their debit card or electronic payment from their account with any bank.





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For reach, simple connectivity and reliability, the answer is SWIFT

Profitability in low-value payments depends on high volumes and efficient processing. Like every payments provider, PagoFX must connect to its correspondent banks overseas, who then deliver the transfers into the correct accounts in their home market. And to meet the demands of its growing business, PagoFX also needs to add new corridors and counterparties fast. So SWIFT was their clear partner of choice: "If you want to connect to a large number of banks and deliver in a large number of currencies, and do so quickly, SWIFT is the only option," says Schumacker. "SWIFT is the standard for international transfers, offering a single network, rule-book and communications channel that works for every geography."

Using universally-recognised SWIFT standard messaging and rules, PagoFX and its correspondents exchange transactions and confirmations allowing the business to scale efficiently. Correspondents use their local market knowledge and expertise to translate into the domestic clearing systems, and, thanks to tools such as SWIFT gpi, ensure that transfers can be tracked and arrive in destination accounts the same day.

Moving to instant account-to-account payments with SWIFT

PagoFX is now focusing on the next stage of efficiency: making overseas payments instantaneous. A new SWIFT service is currently in pilot, bringing to low-value payments the benefits of SWIFT gpi, the high-speed payment rails that have already transformed the high-value payments market. The SWIFT service will reduce friction by providing tight service agreements between participants and pre-validating transfers, which will clear through best-in-class channels for international payments.

Ultimately, transactions will pass seamlessly into local faster payments systems, enabling instant delivery to beneficiary accounts. "The new initiative aims at bridging the cross-border leg of a payment with local instant payment systems, such as SEPA Instant for Euros, The Clearing House in the US and the UK's Faster Payments Service," says Schumacker. These services, many of which run on the latest international data standard, ISO 20022, provide instant settlement, competitive pricing, 24/7 operations and the opportunity for richer data exchange. For example, in future, PagoFX could offer instant cross-border transfers from Europe "today" to Australia "tomorrow" by accessing Australia's New Payments Platform via SWIFT.

Looking ahead, PagoFX will also benefit from SWIFT's future payments platform to leverage rich data services and further remove processing friction. In this model, services such as pre-validation of essential data, fraud detection, end-to-end transaction integrity and tracking will result in an augmented end-customer experience.

Re-capturing the value chain

As Schumacker points out, all payments are cleared through banks, wherever they begin or end their journey. While fintechs deserve credit for transforming the end-customer front-end experience, the banks and their payment network remain essential actors in the value chain to ensure account reachability, security, and resiliency, he says. "Banks should always be able to do better and I think we have an obligation to do so." Ultimately, he believes, customers making payments want and deserve the backing of a well-capitalised, highly-regulated bank.

PagoFX is an international money transfer service backed by Santander available in the UK, Belgium and Spain. It allows individuals and UK small businesses to easily and securely transfer money abroad with confidence.

pagofx.com

SWIFT is a member-owned cooperative, providing secure financial messaging services to more than 11,000 organisations, across the financial ecosystem, in almost every country in the world. For nearly five decades we have delivered certainty, continuity and excellence by constantly evolving in an everchanging landscape. In today's fast moving, increasingly connected and challenging world, this approach has never been more relevant.

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