


Staff memo



**Cross-border payments offered by the large Swedish banks: are they in line with G20 cost targets?**

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## Staff memos

A staff memo provides Riksbank staff members with the opportunity to publish advanced analyses of relevant issues. It is a staff publication, free of policy conclusions and individual standpoints on current policy issues. Publication is approved by the head of department concerned. The opinions expressed in staff memos are those of the authors and should not be regarded as the Riksbank's standpoint.

## Summary

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We study cross-border payments offered by the large Swedish banks and assess how well they fulfil the G20 cost targets of 1% and 3% for retail payments and remittances, respectively. We find that cross-border card payments, credit transfers and remittances offered by the large Swedish banks do not currently meet the G20 cost targets. Large foreign currency conversion fees for card payments and high transaction-specific fixed fees for credit transfers mean that the total end-users' costs of cross-border payments are significantly above the G20 targets. We also find that there are individual examples of challenger banks and non-bank payment institutions that are close to meeting the G20 cost targets. Our findings suggest that while the large Swedish banks do not currently meet the G20 cost targets, these targets are still feasible. Measures that stimulate further competition between banks as well as between banks and non-bank payment institutions, such as increased awareness and improved transparency on ex-ante total fees, may greatly contribute to a timely fulfilment of the G20 cost targets.

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# 1 Introduction

Improving the cost, speed, access and transparency of cross-border payments is an important global priority that was initiated by G20 countries in 2020 (see G20 (2020)). Currently, a number of global actions are underway, involving legal, technical and commercial changes (see FSB (2024a)). These actions involve a wide range of stakeholders globally, including international organisations, central banks, regulators, supervisors, banks and other payment service and infrastructure providers.

The G20 work on cross-border payments has ambitious targets (see FSB (2021)). The G20 cost targets stipulate that the cost of a cross-border payment initiated by a retail client, that is a private person or non-financial firm, should not on average exceed 1% by the end of 2027. For remittances, defined as low-value payments between two private persons, the cost target is 3% to be achieved by the end of 2030. In addition to these average cost targets, measured as value weighted averages across all destination countries, the cost of a cross-border payment to any individual destination country should not exceed 3% and 5% for retail payments and remittances, respectively.

FSB publishes annual reports that monitor the progress towards G20 targets (see FSB (2024b)). While these reports are informative for understanding the situation and progress at a global level, they group individual countries into wide regions, making it difficult to assess the situation and progress for individual countries. This publication contributes to individual country assessments by looking at how well cross-border payments originating from Sweden fulfil the G20 cost targets.

Reliable data on the cost of cross-border payments for end-users is in general hard to obtain. We use public price lists and other public data sources to assess how well cross-border payments offered by the large Swedish banks fulfil the G20 cost targets. Our destination countries include 33 currencies from 52 countries, including EU and EEA countries, G7 and G20 countries as well as other advanced and developing countries from Europe, Africa, Asia, North and South America (see Appendix).

Our study complements previous studies that have tried to assess the G20 targets for Sweden. Engström et al (2022) focuses on remittances and analyses the cost and speed of remittances taking into account the lowest cost options. Claussen et al (2022) studies cross-border payments more generally, describing and quantifying different cost components for card payments and credit transfers. We build on these previous studies and complement previous assessments by looking at the cost of cross border payments offered by the large Swedish banks. We calculate detailed cost estimates for individual destination countries as well as groups of countries. Due to data limitations, we calculate arithmetic rather than value-weighted averages.

The remaining part of the paper is organised as follows. Chapter 2 describes the cross-border market in Sweden. Chapter 3 explains how to understand and measure the total cost of cross-border payments for end-users. Chapter 4 and 5 estimate the total cost of cross-border payments for card payments, credit transfers and remittances based on services from the large Swedish banks and compares it with individual examples of services from alternative service providers. Chapter 6 concludes.

## 2 The cross-border market in Sweden

The market for outgoing cross-border payments in Sweden is in relative terms one of the largest in the world. This is because Sweden is a small, open economy with many of its residents conducting cross-border business, travelling and working abroad. Based on the data collected by the Riksbank in 2021, there were ca. 280 million cross-border payments initiated from Sweden by private persons and non-financial firms (see Table 1). The total value of payments was ca 50.3 trillion SEK, ca 10 times Swedish nominal GDP. This can be compared with the size of the global market for cross-border payments, which is ca 2 times nominal GDP (see McKinsey and Swift (2018)).

Two payment instruments frequently used for cross-border payments in Sweden are card payments and credit transfers. Cards is the most popular payment instrument for cross-border payments amounting to ca. 250 million payments in 2021. In terms of value, ca. 100 billion SEK was transferred via cards. Typical card users are private persons and typical use-cases for cards are in-store and e-commerce payments. In 2021, the average payment amount for cards was ca 300 SEK and ca 1 300 SEK for private persons and non-financial firms, respectively.

**Table 1. The market for outgoing cross-border payments in Sweden**

	Number of transactions	Value (in SEK)	Average transaction size (in SEK)	
			Private persons	Non-financial firms
Cards	250 million	100 billion	300	1 300
Credit transfers	30 million	50 200 billion	100 000	2 000 000
<b>Total</b>	280 million	50 300 billion		

Note: Data refers to outgoing payments in 2021.

Source: Data from the six largest Swedish banks collected by the Riksbank in 2021.

While cards is the most popular payment instrument for cross-border payments, almost all the value is actually transfers via credit transfers. In 2021, there were ca 30 million credit transfers, with the total value of 50.2 trillion SEK. Typical users are firms and typical use-cases are high-value business-to-business payments. In 2021, the average payment amount for credit transfers was ca. 100 000 SEK and 2 million SEK for private persons and non-financial firms, respectively.

## 3 Understanding the cost of cross-border payments for end-users

The total cost of cross-border payments incurred by end-users can be divided into monetary costs such as transaction fees, and non-monetary costs, such as the time spent for initiation or any other activity related to a payment. In this paper, we only consider *monetary* costs paid by end-users.

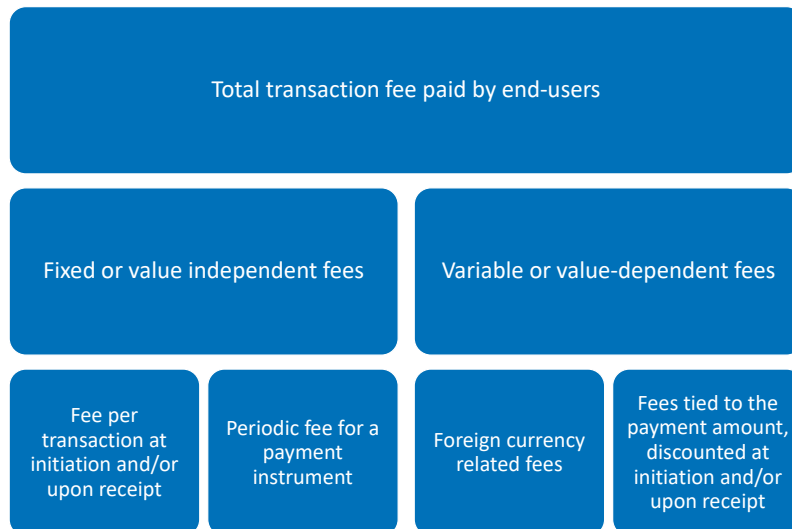
Total monetary costs include fees paid by both end-users, that is, by the sender and the receiver. It is important to take into account fees paid by both end-users, as different payment instruments have different fee models and in some models only one end-user may be charged. For instance, the cost of a payment may be incurred entirely by the receiver. Looking only at the monetary cost of the sender in these cases could significantly underestimate the cost of a payment.

Monetary costs may also take forms other than explicit fees, for instance, unfavourable exchange rates defined as mark-ups over fair exchange rates. Non-transparent and hard to understand monetary costs for customers may represent a large part of the total monetary cost. If not presented correctly, these costs can lead to misleading conclusions about the actual cost of a payment as well as distort competition between different service providers.

Fees can be separated into: (i) variable or value-dependent fees that vary with the payment amount and (ii) fixed or value independent fees that do not vary with the payment amount (see Figure 1 below). Typical examples of variable fees are foreign currency exchange related fees, while typical examples of fixed fees are periodic fees charged for the use of a payment instrument as well as payment-specific fixed fees charged at payment initiation or upon receipt.

The presence of fixed fees means that the cost of a payment expressed as a share of the payment amount varies with the transaction amount. Fixed fees make low-value payments automatically more costly than high-value payments, even if the fee model is exactly the same for both types of payments. This aspect is relevant when the cost of a payment is compared across different use-cases (low-value person-to-person vs. high-value business-to-business payments) or between different payment instruments (e.g. cards vs. credit transfers) with different average payment sizes.

Fees paid by end-users fall to different intermediaries involved in a transaction. In some cases, a fee is paid to one intermediary but is then shared along the transaction chain with other intermediaries. A classic example here is card payments, where fees from merchants are decided by card acquirers (i.e. intermediaries helping merchants to accept card payments), but are then to some extent passed on to other intermediaries in card networks. How a fee paid by end-users falls to and is shared by different intermediaries is not a focus of this paper. We touch upon this issue only to the extent it is needed for the estimation of the total fees paid by both end-users.

**Figure 1. The monetary cost of cross-border payments for end-users**

Source: Author's illustration.

## 4 The cost of outgoing cross-border card payments for end-users

### 4.1 The fee structure of card payments

Card payments have both **fixed** (i.e. value independent) and **variable** (i.e. value-dependent) **fees** paid by both end-users (see Figure 2).

**Fixed fees** include periodic fees that cardholders typically pay to card issuers such as banks. These periodic fees vary typically between banks and card types. Merchants may also face fixed fees, but this depends greatly on how card acquirers price their services towards merchants. Fixed costs for merchants may come as periodic fees and/or fixed fees per payment.

**Variable** or value-dependent **fees** to end-users come in two forms:

- currency conversion and exchange cost
- variable merchant discount fee.

**Currency conversion and exchange cost** is the cost that cardholders pay via exchange rates applied to card payments. This cost can be specified as a mark-up or margin over a benchmark exchange rate such as the ECB reference rate<sup>2</sup>. This cost has **two distinct parts**, reflecting the fact that there are different actors involved in determining the final exchange rate that cardholders pay.

**The first part is issuer-specific** and comes in the form of a **conversion fee**. This fee allows card issuers such as banks to charge a given margin over exchange rates that card networks offer to the issuers. The conversion fee is issuer- and card-specific but

<sup>2</sup> See more on [ECB reference rates](#).

it is the same for all transactions made by a card, irrespective of the currency of a transaction. The right to decide on conversion fee can sometimes move from the issuer to the acquirer. This happens when a cardholder actively chooses to pay in home currency rather than in the currency of the host country (i.e. dynamic currency conversion).

**The second part is currency-specific** and comes in the form of an actual foreign currency **exchange cost**. Card-networks provide exchange rates at which issuers can buy foreign currencies against their home currencies. Since these exchange rates are not necessarily offered at mid-market rates, there is a cost involved. This cost can be measured as the difference between the exchange rate offered by card-networks and the benchmark exchange rate such as the ECB reference rate. Unlike conversion fees, the exchange cost varies across currencies, reflecting the fact that different currencies have different risk characteristics such as volatility and liquidity.

When the issuer's conversion fee (i.e. the first part) is added to the currency specific exchange cost (i.e. the second part), we get the total cost related to currency conversion and exchange, measured as a mark-up over a benchmark rate. This total cost determines the actual exchange rate that cardholders pay when a card is used for cross-border payments.

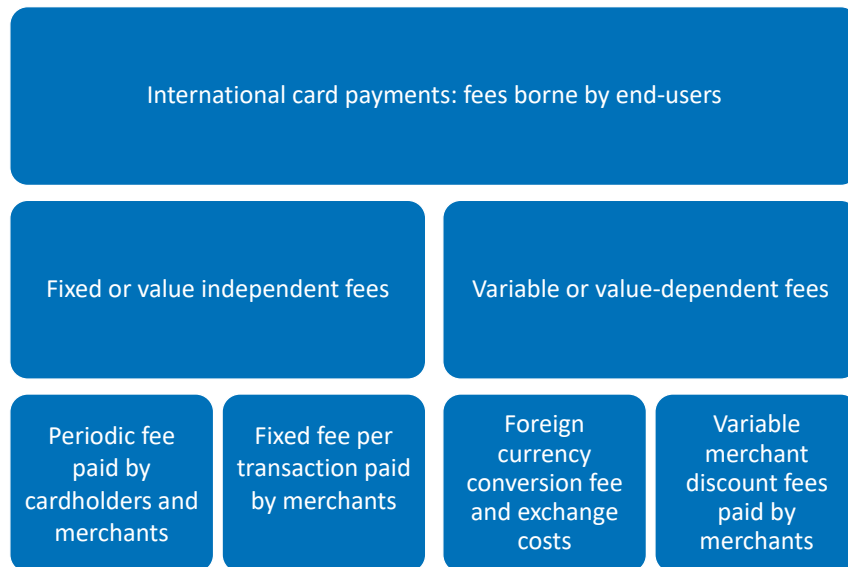
**Merchant discount fees** consist of all fees that merchants pay to acquirers for their services. These fees are called *discount* fees as they are deducted from customers' purchasing amounts to merchants. The fees are typically specified as a proportion of a purchasing amount but sometimes also include a periodic fee and/or fixed per transaction fee. Merchant discount fees are decided by acquirers, but the size of merchant discount fees depends greatly on the fees that acquirers need to pay to issuers and card networks. A major determinant of merchant discount fees is an interchange fee that acquirers need to pay to the issuers. Even scheme fees payable to card networks can be substantial for cross-border transactions. Interchange and scheme fees vary considerably depending on a number of factors, such as card type (e.g. debit or credit), card owner (e.g. consumer or corporate), payment situation (e.g. Point-of-Sale or online). Merchant discount fees may vary considerably between small and large merchants, as acquires and card networks typically also offer lower fees for larger numbers of transactions.

In some cases, card payments are used outside of their traditional use cases of in-store and e-commerce payments. For instance, cards can be used to make (instant) person-to-person or business-to-business payments.<sup>3</sup> In case of these non-traditional card payments, the cost is similar in size to the cost of traditional in-store or e-commerce payments, but the cost is typically paid in advance entirely by the sender.

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<sup>3</sup> See for instance [Visa Direct](#). In addition, some mobile phone based instant payment solutions are using card rails, see for instance, [Vipps Mobilepay](#).



**Figure 2. The monetary cost of cross-border card payments for end-users**

Note: Fee model for merchants usually includes a variable fee as a proportion of the transaction amount but in some cases, there is also a fixed periodic fee and a fixed fee per transaction. Both fees are part of merchant discount fees.

Source: Author's illustration.

## 4.2 Card payments from Sweden to EEA countries

The average cost of outgoing card payments from Sweden to EEA countries, made by cards issued by the large Swedish banks, is ca 3.5% (see Figure 3). Looking different groups of individual EEA countries, the average cost is ca 3% for payments to the Euro area, Denmark, Norway and ca 4% for payments to Poland, Hungary, Czech Republic, Bulgaria, Romania, Iceland and Liechtenstein. These cost measures indicate that the cost of outgoing card payments, made by cards issued by the large Swedish banks, is significantly above the global G20 cost target of 1% for retail payments.

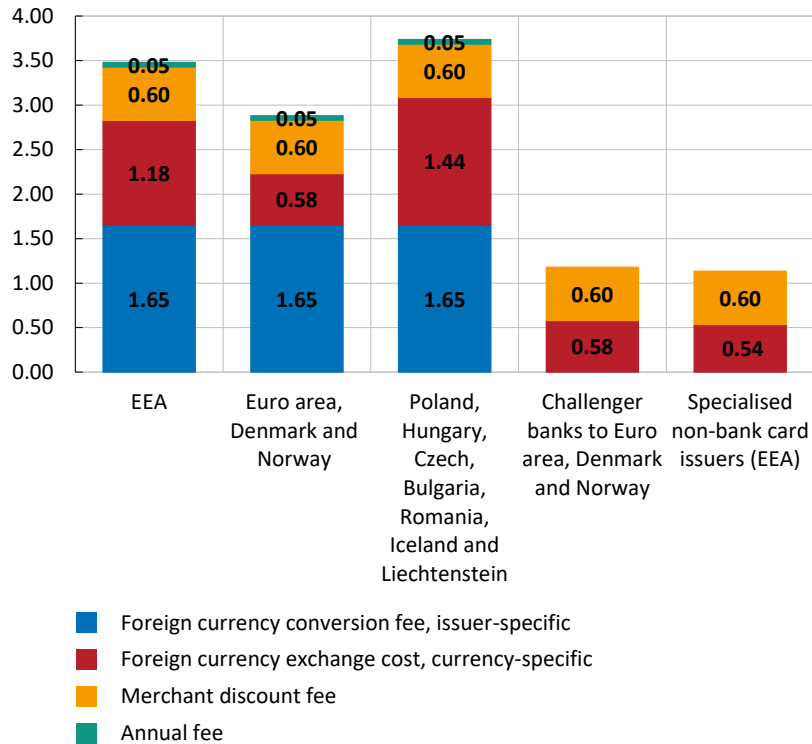
The cost of outgoing card payments to EEA countries, made by cards issued by the large Swedish banks, can be decomposed into different cost components (see notes in Figure 3 for details):

- annual fees paid by cardholders: ca. 0.05%
- merchant discount fees paid by merchants: ca. 0.6%
- issuer's foreign currency conversion fees paid by cardholder: ca. 1.65%
- foreign currency exchange costs paid by cardholder: ca. 0.6% for liquid EEA currencies (euro, Danish and Norwegian krona) and ca. 1.45% for other EEA currencies.

Annual fees and issuer-specific currency conversion fees are decided by card issuers while merchant discount fees and currency-specific foreign exchange costs are decided by acquirers and card networks, respectively.

**Figure 3. The end-users' cost of outgoing card payments to EEA countries for cards issued by the large Swedish banks, challenger banks and specialised non-bank card issuers**

Per cent



Notes: EEA countries include 10 currencies representing 29 countries (see Appendix). Issuer-specific foreign currency conversion fees for lowest cost cards vary in the range of 1.55-1.75% across banks, with the average of 1.65%, applied over card network rates. Foreign currency exchange costs for banks are measured as card networks exchange rates over ECB reference rates. Merchant discount fees are estimated based on the following three parameters: interchange fee of 0.2%, scheme fee of 0.2% and acquirer's profit margin and non-network costs of 0.2%. These parameters are valid for transactions with cards with the lowest acquirer costs and fit best for the largest merchants. Our estimate of merchant discount fee is substantially lower than what is charged for intra-EEA transactions by global acquirers. See for instance [Stripe](#) that charged 1.4% for intra-EEA transactions in 2022. Annual fee is calculated by taking into account that cross-border card payments amount to 1% of the total value of all card payments. Data on specialised non-bank card issuers come from Wise and is meant to serve as an example of a specialised non-bank provider. Revolut is another actor offering comparable service to Wise. Foreign currency exchange costs for card networks and Wise fluctuate from day-to-day and are meant to provide indicative magnitudes. Examples of challenger banks include Klarna and Northmill.

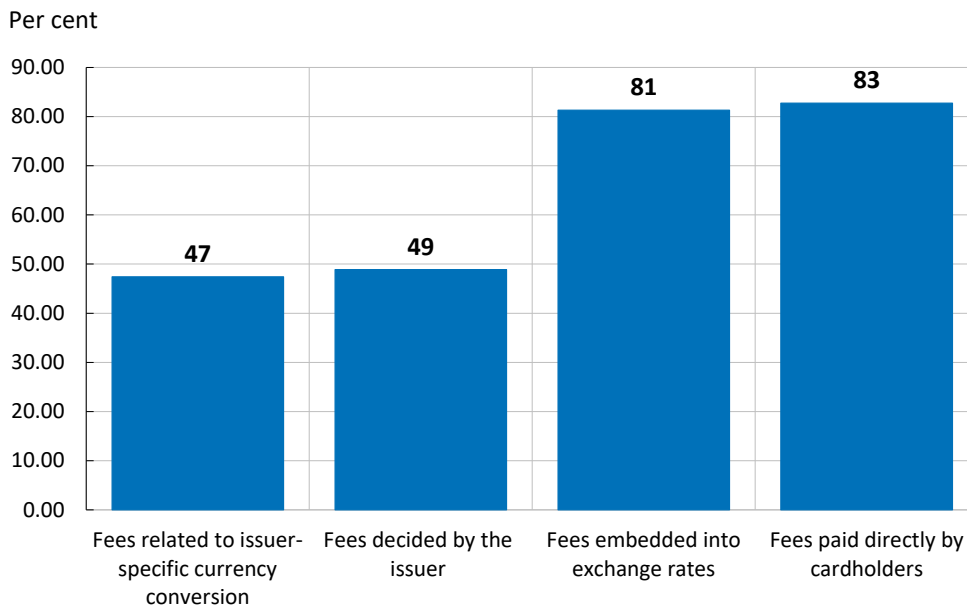
Source: Data from public price lists of SHB, SEB, Nordea, Swedbank and Danske Bank, [Master-card calculator at Danske Bank](#) and [Wise Debit Card FX calculator](#), as of November 2024.

Several observations can be made from the decomposition of the costs of card payments to EEA countries made by cards issued by the large Swedish banks (see Figure 4):

- about half of the total fees paid by end-users are due to issuer bank specific currency conversion fees;

- about half of the total fees paid by end-users are directly controlled by issuer banks;
- over 80% of the total fees paid by end-users are embedded into exchange rates determined by large issuer banks and the card networks;
- close to 85% of the total fees paid by end-users are paid by cardholders and 15% by merchants.

**Figure 4. Fee characteristics of card payments to EEA countries, cards issued by large Swedish banks, shown as the proportion of total fees paid by end-users**



Note: Based on the data presented in the first bar of Figure 3.

Source: Author's illustration.

The fact that card issuers in the form of the large Swedish banks directly control a significant part of the total fees charged from cardholders provides an opportunity for smaller challenger banks. Challenger banks can offer cardholders the same card services but with significantly lower fees. Interestingly, the cost of card payments would drop from ca 3% to ca 1% for payments to the Euro area and other Scandinavian countries (DKK, NOK) if competition between card issuers eliminated the issuer-specific currency conversion and annual fees (see the forth bar in Figure 3). For payments to EEA countries with less liquid currencies (e.g. Poland, Hungary etc.), the cost would remain above 1%, even if issuers were to eliminate the fees they control directly.

Actors, such as specialised non-bank payment institutions, can push down the cost of card payments even further by offering their own currency exchange services instead of relying on card networks' exchange services. Combining no annual fees and the elimination of issuer-specific conversion fees together with competitive in-house foreign currency exchange service is a big opportunity as there are significant cost savings for cardholders. For payments to all EEA countries, the costs paid directly by cardholders would go down by more than 80%, from ca. 3% to ca. 0.5%. The cost of card payments to all EEA countries made with cards issued by these specialised non-bank

payment institutions would be close to 1%, in line with the G20 cost target for retail payments (see the fifth bar in Figure 3).

The only fee that is not subject to competitive pressure of challenger card issuers is the merchant discount fee. In theory, even this fee could be reduced by challenger card issuers as it is directly influenced by interchange fees paid to issuers. Yet, the incentives for challenger card issuers to strive for lower interchange fees are not present as lower interchange fees would have a first order benefit for acquirers and merchants, but not for the cardholders who are the customers of challenger card issuers.

### 4.3 Card payments from Sweden to the UK and non-European countries

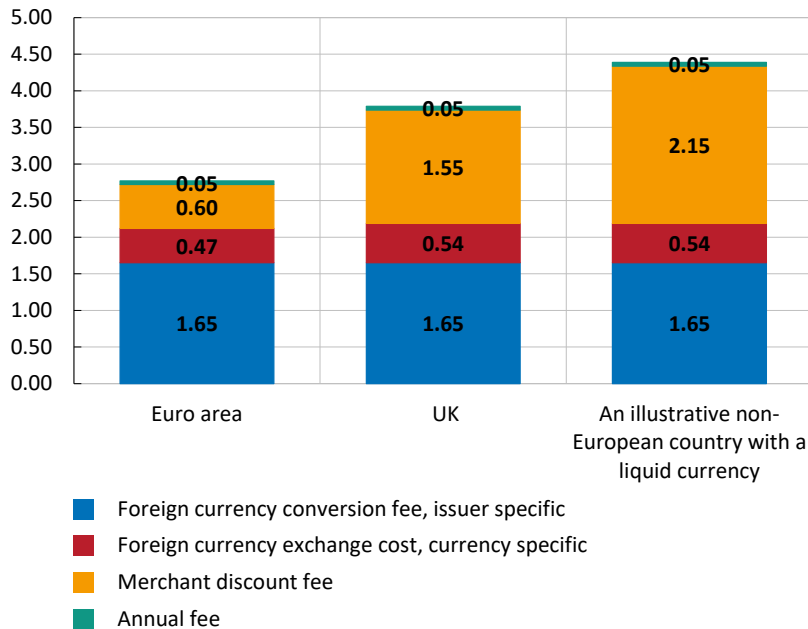
The cost of outgoing card payments from Sweden to non-EEA countries would partly rely on the same cost parameters as the cost of card payments to EEA countries. For instance, issuer-specific currency conversion fees and annual fee estimates would be the same, amounting to 1.65% and 0.05%, respectively (see Figure 5).

Foreign currency exchange cost would vary depending on the currency of the destination country. For a non-European country with a liquid currency, such as a non-European G7 country like US, Japan, Canada, this cost would be similar to that of the UK and Euro area, that is, ca. 0.5%. For other countries with less liquid currency, this cost could be considerably higher, as illustrated also by EEA countries with less liquid currencies where the cost was ca. 1.5% (see the third bar in Figure 3).

Merchant discount fees would also vary depending on the destination country and would be considerably higher for destination countries outside the EEA. For intra-EEA transactions, merchant discount fees are limited in size due to regulatory caps on interchange fees and low scheme fees related to cross-border transactions (see also Claussen et al (2022)). The impact of regulation on interchange fees and thus merchant discount fees was vividly illustrated in the case of the UK's exit from the EU. The interchange fees paid by the UK acquirers to issuer banks in EEA jumped from 0.2% to 1.15% for debit cards and from 0.3% to 1.5% for credit cards following the exit of the UK from the European Union (see Payment System Regulator (2024)). Reflecting these higher interchange fees, the total end-users' cost of card payments from Sweden to UK is ca. 4% (see the second bar in Figure 5). For card transactions from Sweden to a non-European country with a liquid currency like US, Japan, Australia and Canada, additional increases in merchant fees would also result from higher scheme fees charged by the card networks. This means that the total cost of card payments from Sweden to a non-European country with a liquid currency is around 4.5% (see the third bar in Figure 5). This is significantly higher than the G20 cost target of 3% for retail payments to individual destination countries.

**Figure 5. Total cost of outgoing card payments to the UK and non-European countries with liquid currencies, cards issued by the large Swedish banks**

Per cent



Note: Annual fees and issuer-specific currency conversion fees are identical to those in Figure 3. For an illustrative non-European country with a liquid currency, the foreign currency exchange cost is assumed to be identical to that of the UK. Merchant discount fee for the Euro area is the same as in Figure 3. For the UK, the interchange fee is 1.15%, as opposed to 0.2% in EEA, based on the info from the Payment Systems Regulator's market review. For an illustrative non-European country with a liquid currency, further increase in merchant fee is based on an increased scheme fee from 0.2% to 0.8%, due to higher cross-border fee for interregional transactions.

Source: Data from the public price lists of the large Swedish banks, [Mastercard calculator at Danske Bank](#), [Payment Systems Regulator's market review of UK-EEA](#) and [Worldline's indicative card scheme fee for Sweden](#), as of November 2024.

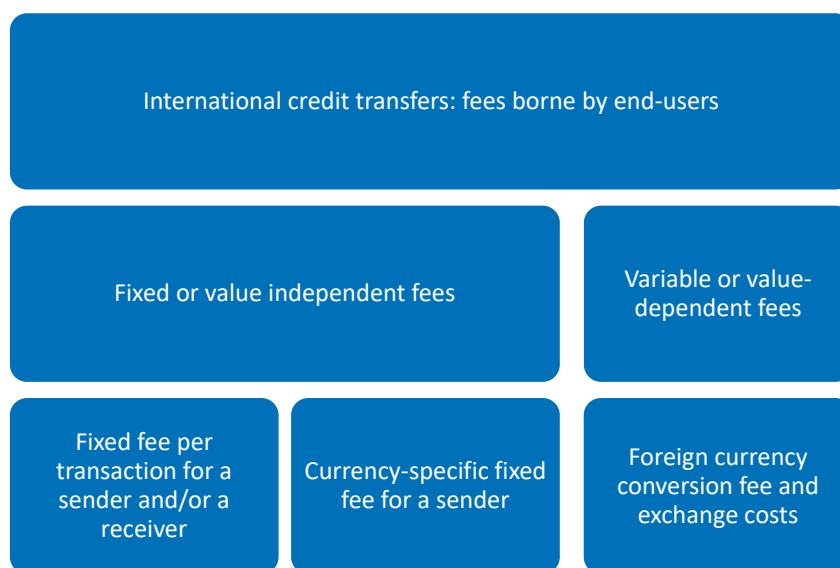
## 5 The cost of outgoing cross-border credit transfers for end-users

### 5.1 The fee structure of cross-border credit transfers

Cross-border credit transfers have both fixed (i.e. value independent) and variable (i.e. value-dependent) costs (see Figure 6). **Fixed costs** typically come in the form of fixed fees paid by the sender at initiation and/or by the receiver when receiving. Banks offer typically different pricing plans, including the option where all costs are borne by the sender or by the receiver. Some non-bank service providers also have currency-specific fixed fees.

**Variable fees** are typically tied to exchange rates and come in the form of foreign currency conversion fees and exchange costs. These fees vary significantly across currencies, reflecting different risk characteristics of destination currencies as well as the cost of making payments in different destination countries. These fees also vary across providers, as different providers may add different conversion fees over their actual cost of foreign currency exchange. Similar to cards, the total cost of foreign currency conversion and exchange is captured in the exchange rate that senders and/or receivers meet, measured as a margin over a benchmark exchange rate.

**Figure 6. The monetary cost of cross-border credit transfers for end-users**



Source: Author's illustration.

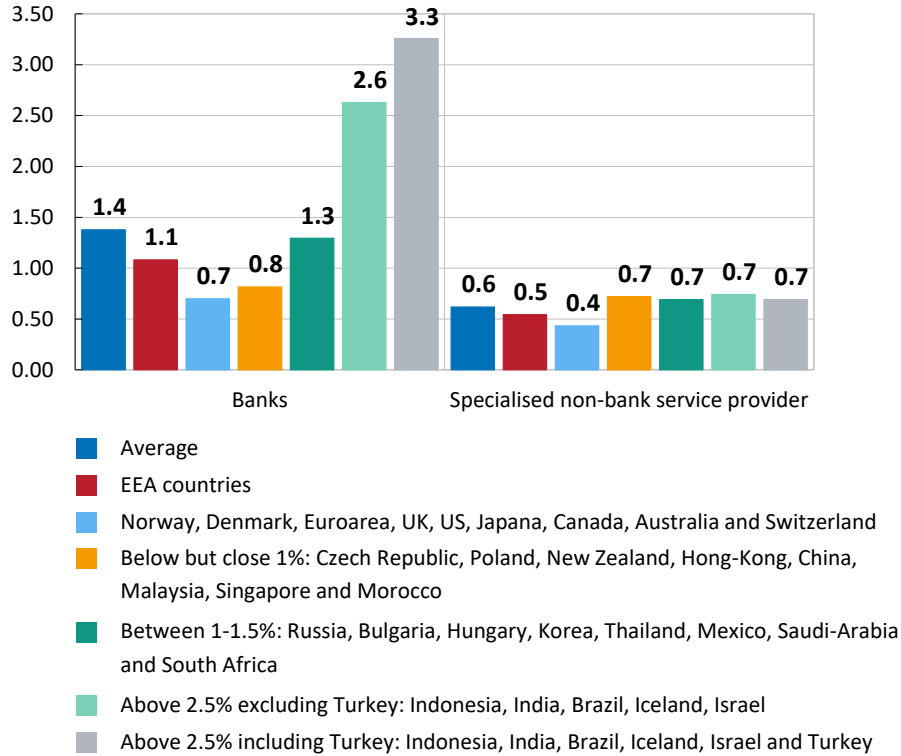
## 5.2 Large-value credit transfers from Sweden to the EEA and other countries

We start first with the cost of large-value credit transfers. For these credit transfers, the total cost is almost entirely captured in exchange rates offered to customers. Transaction-specific fixed fees, if present, become negligible when measured in relation to large transaction amounts. As shown in the next section, transaction-specific fixed fees will be below 0.05% if the transfer size is 1 million SEK or larger.

The total end-users' cost of large-value credit transfers to 51 destination and EEA-countries, offered via the large Swedish banks, is ca. 1.4% and 1.1% respectively (see Figure 7).

**Figure 7. The cost of outgoing credit transfers for large-value credit transfers, based on the variable cost captured in exchange rates**

Per cent



Note: The variable cost captured by exchange rates includes conversion fees and exchange costs. For banks, the cost is estimated as a half bid-ask spread obtained from banks' listed exchange rates applied to payments. For a specialised non-bank service provider, this cost is estimated as a spread over mid-market rates. Not all destination countries are serviced by all banks. EEA countries exclude Romania as quotes were not available from any large Swedish banks. Quotes to Russia and Saudi-Arabia were not available from Wise. See also Appendix.

Source: Public price lists from SHB, SEB, Nordea, Swedbank, Danske Bank and [Wise](#), as of November 2024.

The average cost of large-value credit transfers offered by the large Swedish banks is not far from the G20 cost targets of 1%. However, there is a large dispersion in the total end-users' cost depending on the destination country. The cost of large-value credit transfers is

- below 1% to 17 currency areas out of 31, including Scandinavia, Euro area, UK and other advanced countries as well as countries like Czech Republic, Poland, New Zealand, Hong-Kong, China, Malaysia, Singapore and Morocco;
- between 1-1.5% for Russia, Bulgaria, Hungary, Korea, Thailand, Mexico, Saudi-Arabia and South Africa;
- between 2.5-3% for Indonesia, India, Brazil, Iceland and Israel;
- above 3% for Turkey.

The cost of large credit transfers would drop below 1% for all destination countries if the service is provided by a specialised non-bank service provider. Unlike for the large Swedish banks, the cost of large credit transfers by a specialised non-bank service provider does not increase drastically for destination countries with less liquid currencies. This means that these specialised non-bank service providers have a particular competitive advantage in payments to destination countries with illiquid currency, such as Indonesia, India, Brazil, Iceland, Israel and Turkey.

## 5.3 Remittances and other low-value credit transfers from Sweden to EEA and other countries

### 5.3.1 The importance of transaction-specific fees

Remittances are low-value payments between two persons, typically taken to be 200 USD (ca 2 200 SEK). For these and other low-value payments, transaction-specific fixed fees can make up a significant part of the total cost in addition to the variable cost of currency exchange captured in exchange rates.

The large Swedish banks impose significant transaction-specific fixed fees for payments to the EEA and non-EEA countries (see Table 2). With the exception of slow (i.e. standard) payments in euro from Sweden to EEA countries, all outgoing credit transfers incur a transaction specific cost of 50 SEK and 350 SEK for slow and fast payments, respectively.<sup>4,5</sup> In addition to the fees charged by the sender banks, it is also likely that there will be a fee paid by the receiver to the receiver bank when a payment is made from Sweden to a destination country outside the EEA. This so-called receiving fee varies across destination countries as well as receiving banks within a destination country. As the large Swedish banks themselves charge a fixed receiving fee of 50 SEK for payments from non-EEA countries, we proxy this fee to be 50 SEK for a payment with a destination country outside of EEA countries.<sup>6</sup>

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<sup>4</sup> When a payment from Sweden to a non-euro EEA country like Norway is made in euro, it cannot cost more than a corresponding domestic payment (see EU Cross-border regulation 2021). Therefore, these credit transfers are typically free of fixed fees both for the sender and receiver. However, since both the sender and the receiver hold accounts in their local currencies, there will be an extra cost of currency conversion and exchange charged on the receiver.

<sup>5</sup> It is also possible to make a payment from Sweden to a non-euro EEA country like Norway in SEK. This payment will be free of charge for the sender, but the receiver bank will apply a receiving fee and an exchange rate that is likely to be less attractive than the one available from the sending Swedish bank. See also the previous footnote.

<sup>6</sup> The Swedish banks also apply a receiving fee for payments from EEA countries unless the payment is made in euro or SEK.



**Table 2. Transaction-specific fixed fees for the sender and receiver, in SEK**

Payment destination and type	Fixed fee to the sender	Fixed fee to the receiver	Total
EEA country, in euro, slow	0	0	0
EEA country, in host currency other than euro, slow	50	0	50
Non-EEA country, slow	50	50	100
EEA country, in euro, fast	350	0	350
EEA country, in host currency other than euro, fast	350	0	350
Non-EEA country, fast	350	50	400

Notes: Slow payments refer to standard payments not settled immediately. The fees are valid for transfers initiated online, higher fees apply for other channels. The fixed fee paid by the receiver is specified by receiver banks, not by the Swedish banks. The fixed receiving fee is proxied by looking at the fees typically charged by the large Swedish banks to a receiver, when a payment is coming outside of the EEA. These are typical fees for private persons, some bank-specific variation exists.

Sources: Public price lists from SHB, SEB, Nordea, Swedbank and Danske Bank, as of November 2024.

The importance of transaction specific fixed fees in a payment depends greatly on the size of the payment (see Table 3). For remittance of 200 USD (2 200 SEK), fixed costs mean a significant add-on to variable costs, amounting to 2.3% and 4.5% for slow payments, excluding payments in euro, and 16% and 18% for fast payments to EEA and non-EEA countries, respectively. For fast payments, fixed costs remain significant even for payments as large as 100 000 SEK, amounting to an extra charge of 0.4%. Fixed fees become insignificant for credit transfers larger than 1 million.

**Table 3. The share of transaction-specific fixed fees in the total cost for different sizes of payments**

Payment destination and type	Size of the payment, SEK					
	2 200	17 500	20 000	50 000	100 000	1 000 000
EEA country, in host currency other than euro, slow	2.3%	0.3%	0.3%	0.1%	0.1%	0.0%
Non-EEA country, slow	4.5%	0.6%	0.5%	0.2%	0.1%	0.0%
EEA country, fast	15.9%	2.0%	1.8%	0.7%	0.4%	0.04%
Non-EEA country, fast	18.2%	2.3%	2.0%	0.8%	0.4%	0.04%

Notes: The fees are the same as in Table 2. To obtain the total cost of a payment, one needs to add the respective cost of currency conversion and exchange available in Figure 7.

Source: Public price lists from SHB, SEB, Nordea, Swedbank and Danske Bank.

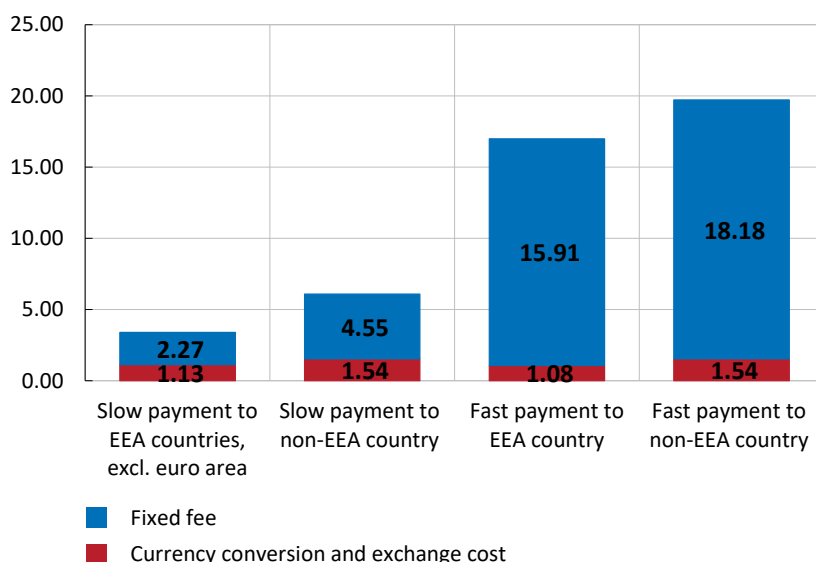
### 5.3.2 Remittances from Sweden to EEA and other countries

The average cost of remittances of 200 USD (2 200 SEK) via the large Swedish banks does not satisfy the global target of 3% (see Figure 8). The cost of remittances is ca. 3.5% and 6% for slow payments and ca 17% and 20% for fast payments to EEA and non-EEA countries, respectively. While the cost of slow remittances to EEA countries

is not far from the target of 3%, the cost of fast remittances to EEA and non-EEA countries is excessively high. Given that G20 also has speed targets for cross-border payments, it is fast rather than slow remittances that are relevant in this context.

**Figure 8. The cost of outgoing credit transfers for remittances of 200 USD (2 200 SEK), made via the large Swedish banks**

Per cent



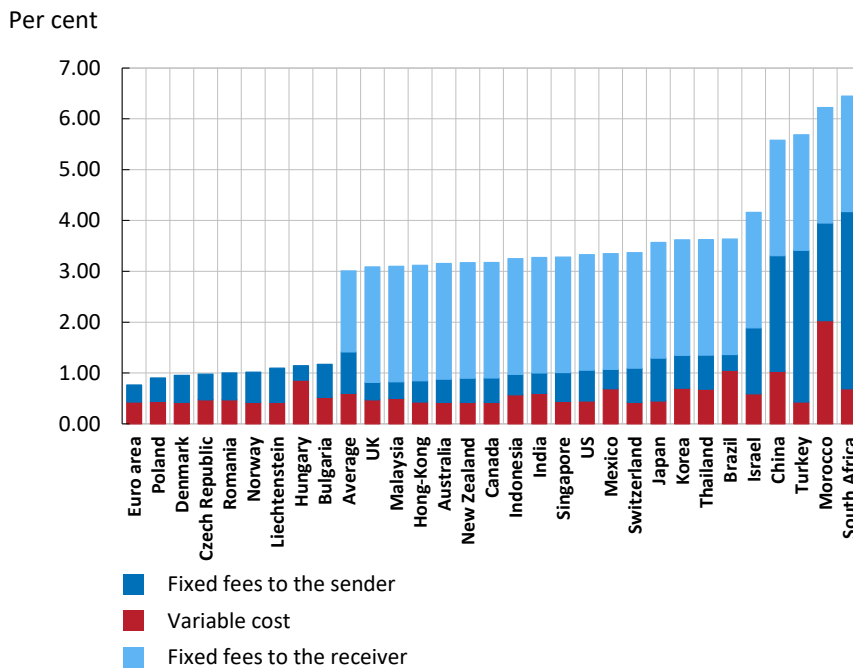
Notes: Fixed fees calculated the same way as in Table 2. The cost of currency conversion and exchange is the same as in Figure 7. Payments to EEA countries are assumed to be made in the host country currency. Slow payments to EEA countries could be also made in euro with no transaction-specific fixed fees, but then there will be an extra cost of currency conversion and exchange charged on the receiver.

Source: Author's calculations.

In addition to the large Swedish banks, there are also specialised non-bank service providers offering remittances to a wide set of destination countries, including those serviced by the large Swedish banks. The cost of remittances via a specialised non-bank service provider is ca 3% to the similar set of EEA and non-EEA countries serviced by the large Swedish banks (see Figure 9). This is in line with the G20 average cost target for remittances.

The cost of remittances from Sweden to individual EEA countries, via a specialised non-bank service provide, is close to 1%, being significantly lower than the cost to individual non-EEA countries. This cost difference between EEA and non-EEA countries is because payments from Sweden to non-EEA countries also face significant *receiving* fees charged by the receiver banks in destination countries. This receiving fee varies across banks and destination countries. As the large Swedish banks themselves charge a fixed receiving fee of 50 SEK for payments from non-EEA countries, we proxy this fee to be 50 SEK for a payment to a destination country outside of EEA countries. This fee of 50 SEK amounts to a significant add-on of 2.3% for remittances from Sweden to non-EEA countries (see the light blue in the Figure 9).

**Figure 9. The cost of outgoing credit transfers for remittances of 200 USD (2 200 SEK), made via specialised non-bank service provider**



Notes: Quotes to Russia, Saudi-Arabia and Iceland were not available from Wise. Calculations take into account fixed fees charged by Wise, including the cost of a credit transfer to load a Wise balance, and an assumed fixed fee of 50 SEK (4.5 USD) charged by receiver banks for transfers to non-EEA countries. Iceland is missing from EEA countries as no data on fixed costs was found on Iceland from Wise. See also Appendix.

Source: [Wise Send Money fee calculator](#); author's calculations.

We can also notice that the specialised non-bank service provider in our sample charges payment specific fixed fees that are destination country specific (see the dark blue in Figure 9). These fees are on average 20 SEK, but vary between 10 SEK and 80 SEK in our list of destination countries. These fees reflect the cost of making a payment in a particular destination country. These costs are likely to vary depending on whether non-bank payment institutions can be direct participants in the destination countries' payment systems. These fees together with fees charged from receivers by receiver banks can add up to a significant cost, being in extreme cases ca 10 times the variable cost of currency exchange captured in exchange rates. For some individual destination countries, these fixed costs are so high that the total cost of remittance from Sweden to these individual destination countries exceeds 5%, the G20 cost target for remittances to any individual destination country, even if a low-cost service provider is used. This points to the need of various improvements in certain destination countries.

## 6 Concluding remarks

We study the end-users' cost of making a cross-border payment from Sweden to a large set of destination countries and estimate how well cross-border payments offered by the large Swedish banks fulfil the global cost targets of G20.

Our findings suggest that cross-border payments offered by the large Swedish banks do not currently meet the global G20 cost targets of 1% and 3% for retail payments and remittances, respectively.

The cost of card payments to EEA countries, made by cards issued by the large Swedish banks, is on average 3.5%, significant above the target of 1%. For card payments to Scandinavia and Euro area, the cost is on average 3%. For card payments to non-European countries, the cost is around 4.5% for countries with liquid currencies and significantly above 4.5% for other non-European countries.

A major cost component that is common to all card payments irrespective of the destination country is an issuer-specific foreign currency conversion fee. This fee is decided by issuer banks and is applied on top of the cost of currency exchange service offered by the card networks. The fee is on average 1.65% for the large Swedish banks. Together with the cost of foreign currency exchange offered by the card networks, this fee represents a lion part of the end-users' costs for card-payments, being close to 3% for card payments to EEA countries.

Credit transfers offered by the large Swedish banks also fail to meet the global G20 cost targets, even though the cost for large-value credit transfers is close to the G20 target of 1%. The large Swedish banks charge significant payment-specific fixed fees for fast payments and to payments to non-EEA countries. In addition, receiver banks may charge fixed receiving fees in destination countries outside of EEA countries. All these fixed fees mean that the cost of remittances and other low-value credit transfers is significantly above the global G20 cost target of 3% for remittances.

In addition to the services offered by the large Swedish banks, it is possible for the general public in Sweden to also use cross-border payment services offered by alternative service providers, such as challenger banks and specialised non-bank payment institutions. These alternative service providers offer cross-border card payments and credit transfers to a similar range of destination countries as serviced by the large Swedish banks. There are examples of individual alternative service providers that offer cross-border payments that are close to meeting the global G20 cost targets for retail payments and remittances. The existence of the services of cross-border payments that are close to meeting the global G20 cost targets suggests that the G20 cost targets are feasible. Measures facilitating stronger competition within the banking sector as well as between banks and non-bank payment institutions, such as increased awareness and improved transparency on ex-ante total fees, may greatly contribute to a timely fulfilment of the G20 cost targets.

Our study also underscores the importance of coordinated efforts between countries. As the EU has shown, coordinated efforts between groups of countries can lead to

standardised payments, reducing the cost of cross-border payments within a given region.

To the best of our knowledge, this study is the first study that looks at the compliance of large individual banks with the G20 cost targets in a given jurisdiction. We encourage all jurisdictions in G20 and non-G20 countries to carry out similar studies in their respective jurisdictions to obtain a detailed but comprehensive picture of the progress made towards the G20 cost targets.

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## Appendix. Destination countries

Count	Destination country	Currency code	EU	EEA	Euro	Non-euro currency	G7	G20*	Card payments	Credit transfers by large Swedish banks	Large credit transfers by Wise	Remittances by Wise
1	Australia	AUD	0	0	0	1	0	1	0	1	1	1
2	Austria	EUR	1	1	1	0	0	0	1	1	1	1
3	Belgium	EUR	1	1	1	0	0	0	1	1	1	1
4	Brazil	BRL	0	0	0	1	0	1	0	1	1	1
5	Bulgaria	BGN	1	1	0	1	0	0	1	1	1	1
6	Canada	CAD	0	0	0	1	1	1	0	1	1	1
7	China	CNY	0	0	0	1	0	0	0	1	1	1
8	Croatia	EUR	1	1	1	0	0	1	1	1	1	1
9	Cyprus	EUR	1	1	1	0	0	0	1	1	1	1
10	Czech Republic	CZK	1	1	0	1	0	0	1	1	1	1
11	Denmark	DKK	1	1	0	1	0	0	1	1	1	1
12	Estonia	EUR	1	1	1	0	0	0	1	1	1	1
13	Finland	EUR	1	1	1	0	0	0	1	1	1	1
14	France	EUR	1	1	1	0	1	1	1	1	1	1
15	Germany	EUR	1	1	1	0	1	1	1	1	1	1
16	Greece	EUR	1	1	1	0	0	0	1	1	1	1
17	Hong-Kong	HKD	0	0	0	1	0	0	0	1	1	1
18	Hungary	HUF	1	1	0	1	0	0	1	1	1	1
19	Iceland	ISK	0	1	0	1	0	0	1	1	1	0
20	India	INR	0	0	0	1	0	1	0	1	1	1
21	Indonesia	IDR	0	0	0	1	0	1	0	1	1	1
22	Ireland	EUR	1	1	1	0	0	0	1	1	1	1
23	Israel	ILS	0	0	0	1	0	0	0	1	1	1
24	Italy	EUR	1	1	1	0	1	1	1	1	1	1
25	Japan	JPY	0	0	0	1	1	1	0	1	1	1
26	Republic of Korea	KRW	0	0	0	1	0	1	0	1	1	1
27	Latvia	EUR	1	1	1	0	0	0	1	1	1	1
28	Liechtenstein	CHF	0	1	0	1	0	0	1	1	1	1
29	Lithuania	EUR	1	1	1	0	0	0	1	1	1	1
30	Luxembourg	EUR	1	1	1	0	0	0	1	1	1	1
31	Malaysia	MYR	0	0	0	1	0	0	0	1	1	1
32	Malta	EUR	1	1	1	0	0	0	1	1	1	1
33	Mexico	MXN	0	0	0	1	0	1	0	1	1	1
34	Morocco	MAD	0	0	0	1	0	0	0	1	1	1
35	Netherlands	EUR	1	1	1	0	0	0	1	1	1	1
36	New Zealand	NZD	0	0	0	1	0	0	0	1	1	1
37	Norway	NOK	0	1	0	1	0	0	1	1	1	1
38	Poland	PLN	1	1	0	1	0	0	1	1	1	1
39	Portugal	EUR	1	1	1	0	0	0	1	1	1	1
40	Romania	ROM	1	1	0	1	0	0	1	0	1	1
41	Russia	RUB	0	0	0	1	0	1	0	1	0	0
42	Saudi-Arabia	SAR	0	0	0	1	0	1	0	1	0	0
43	Singapore	SGD	0	0	0	1	0	0	0	1	1	1
44	Slovakia	EUR	1	1	1	0	0	0	1	1	1	1
45	Slovenia	EUR	1	1	1	0	0	0	1	1	1	1
46	South Africa	ZAR	0	0	0	1	0	1	0	1	1	1
47	Spain	EUR	1	1	1	0	0	0	1	1	1	1
48	Switzerland	CHF	0	0	0	1	0	0	0	1	1	1
49	Thailand	THB	0	0	0	1	0	0	0	1	1	1
50	Turkey	TRY	0	0	0	1	0	1	0	1	1	1
51	UK	GBP	0	0	0	1	1	1	1	1	1	1
52	USA	USD	0	0	0	1	1	1	0	1	1	1
	<b>Sum</b>		<b>26</b>	<b>29</b>	<b>20</b>	<b>32</b>	<b>7</b>	<b>18</b>	<b>30</b>	<b>51</b>	<b>50</b>	<b>49</b>

Note: \*Argentina is the only individual G20 country not present in the sample.

Source: Author's list based on the data from the large Swedish banks and Wise.



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