



# Cross-Border E-commerce Payments Survey

The Asia Pacific SME/SMB Outlook



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# Reference

The information included in this report should be sourced as “CDOTrends and Payoneer Cross-Border E-commerce Payments Survey”.

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# Acknowledgment

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We also extend our sincere gratitude to all the individuals who gave us their time to answer our calls, reply to our emails, or complete our survey. Your insights made a difference.

# Foreword by Payoneer

Payoneer is thrilled to partner with CDOTrends to launch this survey report with the shared purpose of gauging the market interest of SMEs and SMBs seeking to expand their cross-border business.

Online sellers in the Asia Pacific have tremendous potential to generate regional and global sales. The survey seeks to identify the intentions of business decision-makers as they evaluate global opportunities and challenges. And the report makes clear that nearly all expect to further expand their international sales in the next 12 months.

When companies expand their operations in the Asia Pacific region and beyond, they're confronted with a complex ecosystem of payment systems that vary from country to country. As an enabler of cross-border trade, this report will help us improve the cross-border payment experience for small and medium-sized businesses.

Visit us at [Payoneer Checkout](#) and learn how you can expand cross-border sales and increase payment acceptance rates.



# Introduction

The role of e-commerce has expanded and also shifted. What was once a new economy channel for aggregators, e-commerce platforms, and cloud pureplays has become a central role in commerce activities. E-commerce is no longer an activity dominated by a younger demographic or netizens; everyone is now participating in global e-commerce, across all ages and rapidly all types of businesses.

While macroeconomic pressures, geopolitical headwinds, and recessionary concerns may have impacted overall e-commerce activity, it's clear that e-commerce is here to stay. It is also spilling across borders as e-commerce players seek regional or global penetration, explore new markets, and maximize new opportunities in a competitive atmosphere.

Yet, cross-border e-commerce also comes with massive challenges. All e-commerce players are familiar with the challenges of digital payments and settlement. It adds an additional layer of complexity to stressed supply chains. And as entrepreneurs and companies are beginning to find out, payment partners and solutions directly impact top and bottom lines, conversion, and their market reach as they go beyond their borders. For many consumers, the payment experience determines whether they will be return customers.

This CDOTrends survey, created with Payoneer, focuses on the payment challenges and strategies e-commerce players in the Asia Pacific face as they build their cross-border businesses. We look at the key motivations and shifting attitudes toward streamlining costs and how local settlement options, local support, and centralizing payment management from different marketplaces make a huge difference.

The resulting 10 findings offer a baseline for cross-border e-commerce payment behavior for the region and a foundation for further studies.

# Methodology

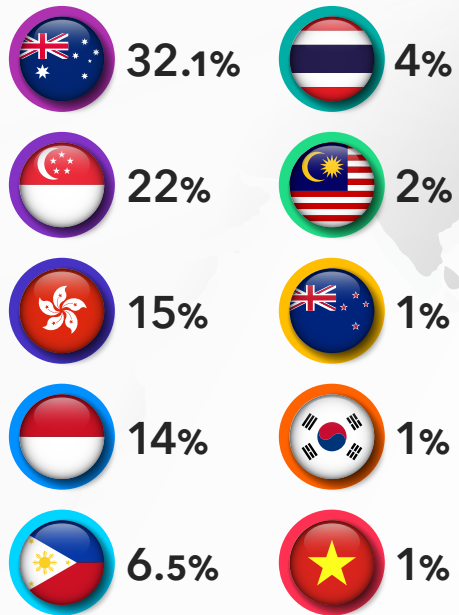
92 senior-level participants from the region(not including India) participated in the survey. Most participants are AI decision-makers, sponsors of AI initiatives, and major influencers.

The survey was conducted through various channels. We used online and telemarketing calls for the quantitative results during May and June 2022. We conducted qualitative interviews with randomly selected respondents. All information and survey responses were kept confidential.

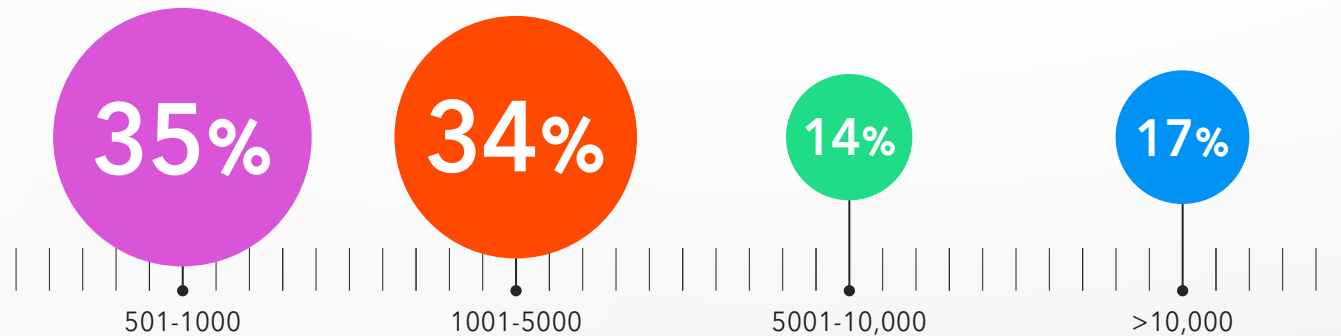
# Meet the respondents

92 respondents from varied industries and company sizes took part in this survey. Australia, Hong Kong, and Singapore represented nearly 70% of respondents making these three countries overweight in their representations. Retail and internet publications like Traveloka represented 53% of respondents, making them the two biggest industries in terms of representation. Meanwhile, more than two-thirds of companies employed less than 5,000 employees, making the results highly representative of medium enterprises looking to grow beyond their borders.

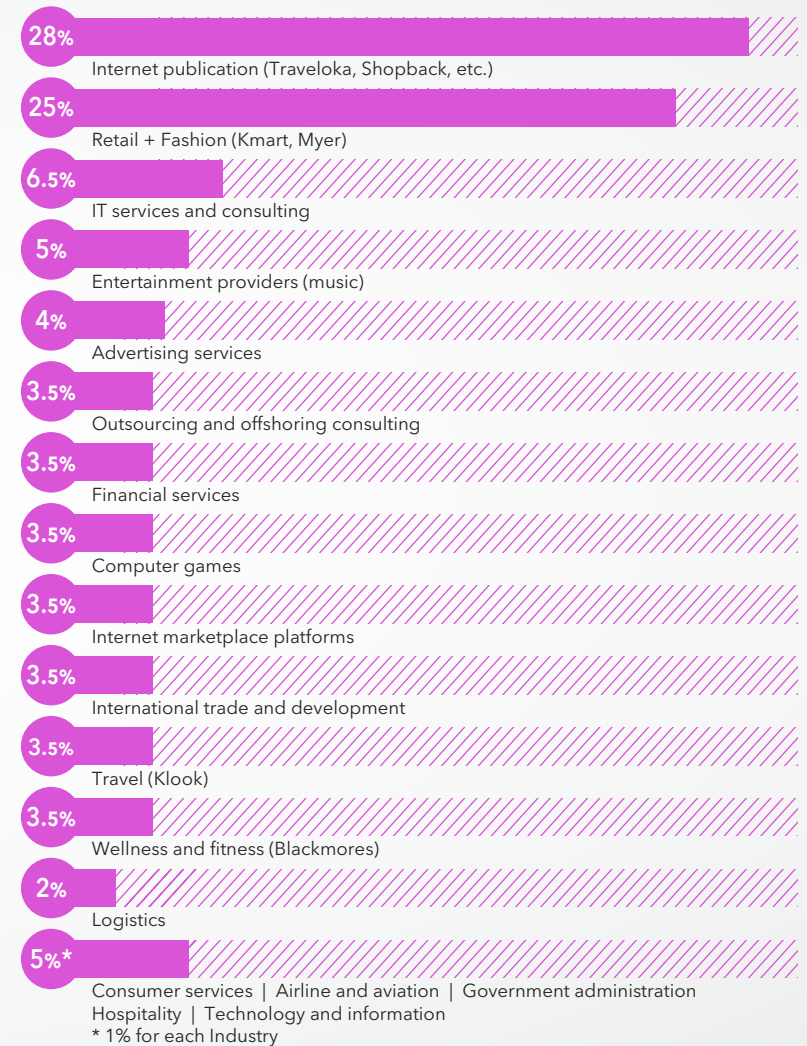
## Country breakdown



## Company size



## Industry Breakdown



# Executive summary

The potential for cross-border e-commerce is enormous.

81.5% of respondents said less than 50% of their current e-commerce business is cross-border. The majority of this group highlighted that 20 to 50% are cross-border, and the rest are conducting 10 to 20%. 52% also added that cross-border payments only account for 10 to 20%.

Yet when asked about cross-border business in the next 12 months, 61% said that 50-70% of the e-commerce business would be cross-border.

The results indicate a strong appetite for cross-border business and potential demand for cross-border payment solutions. It also highlights an opportunity for cross-border payment solution providers who can help these companies reduce complexity and the overall cost of business.

## North America and Asia are top cross-border targets

Most respondents see potential in expanding to North America and Asia. Europe and Australia/New Zealand came third and fourth in terms of expansion. Interestingly there was little or no interest in expanding into Latin America or the Middle East.

The motivations are varied. The top two (although not significant) were a saturated home market and an opportunistic tactic to enter markets where they perceive minimal competition (both 27%). Yet the minority (but by no means small) also selected margin improvements and new revenue growth (both 23%).

Most want to manage transactions from the current entity (44.5%). On the other hand, there was less appetite to outsource to a third party for local payment management (30.5%) or setting up a local entity in the target market (25%).

These findings highlight a strong business case for cross-border payment solutions for handling local currency payments and supporting USD-led businesses.

While it is difficult to draw absolute conclusions about the preferred approach to expanding cross-border sales, it does show a focus on managing cross-border transactions internally. However, this may change as many of these businesses have yet to move into cross-border e-commerce payments and face challenges.

## Cost of business is a major worry

Cost is the main barrier to cross-border business, particularly the high cost of doing business, such as high transaction fees, high taxes, etc. (27%).

Equally challenging is the cost and time needed for setting up a local entity (23%). This finding aligns with the earlier one that showed most respondents are less enthusiastic about setting up a local entity.



## Flexibility is a significant expectation of payment provider

The main reason for choosing a cross-border payment provider is flexibility (22%), followed by offering a dedicated account (19%). These trumped offering end-to-end payment and a trustworthy reputation (both 16%).

Regarding the type of flexibility, 62% selected having popular locally accessible payment methods – more than local payment methods, high acceptance rates, or low transaction rates.

## Most want to outsource cross-border payment needs

Respondents are beginning to understand that they can't do it alone for cross-border payments. When asked to rank from 1 to 10 (with 10 being the most likely) how likely they will outsource to a third party, 36% selected 9, and 30% picked 8.

This represents a massive opportunity for third-party payment solution providers who support cross-border payments. Those with early wins and who build a solid local reputation will be able to reap the dividends as cross-border payments become a significant part of the local e-commerce business.



# Findings Snapshot: Facts and figures

**81.5%**

of respondents conduct less than 50% of cross-border e-commerce

**61%**

respondents think 50-70% of their business will be cross-border e-commerce in 12 months



Saturated home market and minimal competition in target markets are top reasons for cross-border expansion (but not significantly)

**27%**

see high cost of doing business becoming a road bloc for cross-border e-commerce.

**22%**

respondents choose flexibility as the primary criterion for selecting a payment provider



**81.5%**

of respondents conduct less than 50% of cross-border e-commerce

**No.1**

North America is the No. 1 for cross-border business expansion; Asia is no. 2.

**44.5%**

want to manage transactions from the current entity

**62%**

respondents see having the most popular locally accessible payment method as critical for cross-border transactions

**36%**

respondents are highly likely to outsource cross-border payments need to a third-party



# 10 Findings

# 1 Cross Border e-commerce is still in its infancy

Cross-border e-commerce is not significant among respondents – yet. Over 81% said they conduct less than 50% of cross-border e-commerce, with 48% indicating that it represents 20-50%.

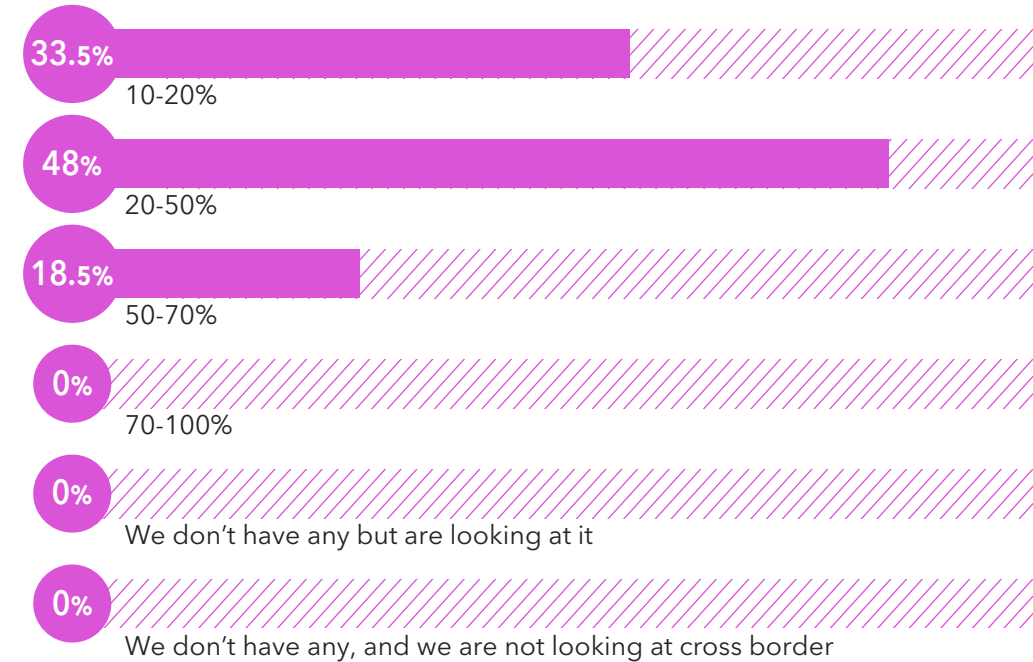
## Trend watch:

**81.5%**  
of respondents conduct less than 50% of cross-border e-commerce

**All respondents admit cross-border e-commerce is part of their business.** All agreed that cross-border e-commerce is becoming part of their business models.

**Retail and internet publishing companies do more cross-border businesses.** Qualitative interviews show revenue source diversification is the primary motivator.

## What part of your current e-commerce business is cross border?



# 2 Potential for cross-border payment growth is strong

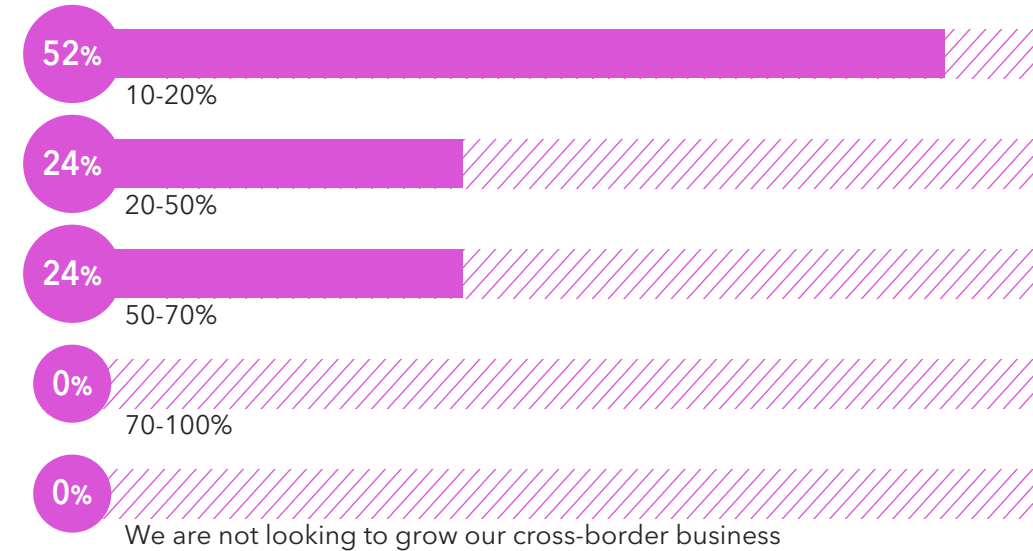
**Trend watch:**  
1 in 2 businesses deal with **<20%** cross-border payments currently

Cross-border payments are not a significant concern right now. 52% of respondents noted that only 10-20% of their payments are cross-border. Yet, everyone indicated they wanted to grow their cross-border business.

**Retail and internet publishing continue to dominate those with more cross-border payments.** These two industries were dominant among those who indicated that 50-70% of their payments were cross-border.

**Figures highlight the impact of pandemic measures.** Qualitative interviews across all the groups showed that their business models became more local-focused with pandemic travel restrictions.

### What percentage of payments do you make to your suppliers/sellers/clients that are cross border?



# 3 Majority of businesses will shift to more cross-border e-commerce in 12 months

All respondents see the importance of cross-border e-commerce for future growth. 100% of respondents indicated that at least 20% of their business would be cross-border e-commerce; nearly two-thirds (61%) noted it would be 50-70%.

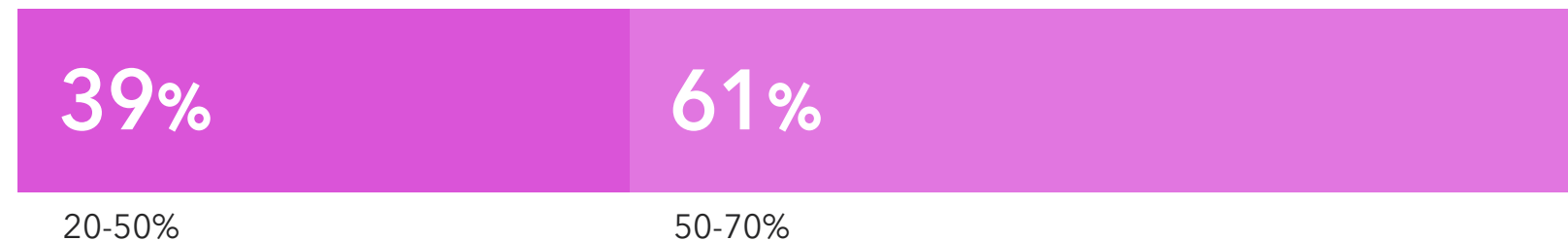
## Trend watch:

**61%** of respondents think 50-70% of their business will be cross-border e-commerce in 12 months

**Easing of pandemic restrictions is driving cross-border enthusiasm.** Qualitative interviews also suggest companies see cross-border e-commerce as part of their diversification effort for business resilience.

**Supply chain and logistics (tied to fulfillment) remain a significant worry.** Many interviewed were bullish on cross-border e-commerce but were wary about supply chain and logistics challenges. Local currency movements were other worries cited.

## How much do you think your e-commerce business will be cross border in the next 12 months?



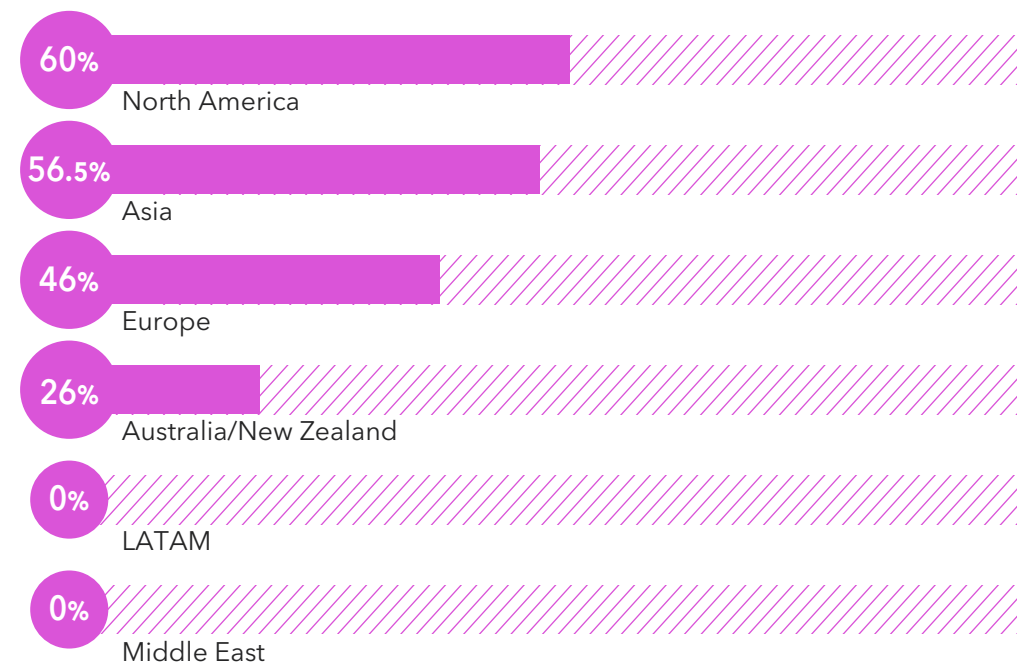
# 4 Companies want to expand to North America and across Asia

North America and Asia are favorite cross-border e-commerce expansion targets. Most companies want to enter North America (60%) and expand across Asia (56.5%) as part of their cross-border e-commerce strategy. Europe came in third at 46%, and ANZ at 26%. None selected Latin America or the Middle East.

**Massive opportunities for enabling USD conversions and managing Asian cross-border payments.** Those companies with such capabilities or platforms can build strong inroads in the Asian market.

Trend watch:  
North America is the **No. 1** for cross-border business expansion; Asia is **no. 2**.

What regions are you looking to expand your cross-border e-commerce business? (Select all that apply)



# 5 Different drivers pushing cross-border e-commerce expansion

**Trend watch:** Saturated home market and minimal competition in target markets are top reasons for cross-border expansion (but not significantly)

A host of reasons driving cross-border e-commerce expansion plans. A saturated home market (27%) and minimal competition in target markets (27%) were the top reasons, while new revenue growth (23%) and margin improvements due to the supply chain (23%) were equally significant.

**Retail and internet publishing companies select saturated home markets as a reason.** Respondents from these two industries felt they were reaching a limitation in the local market and believed that they could offer a unique value proposition in other target markets.

## What will be your top motivation for cross-border e-commerce business expansion?





# 6 Majority want to manage transactions from the current entity

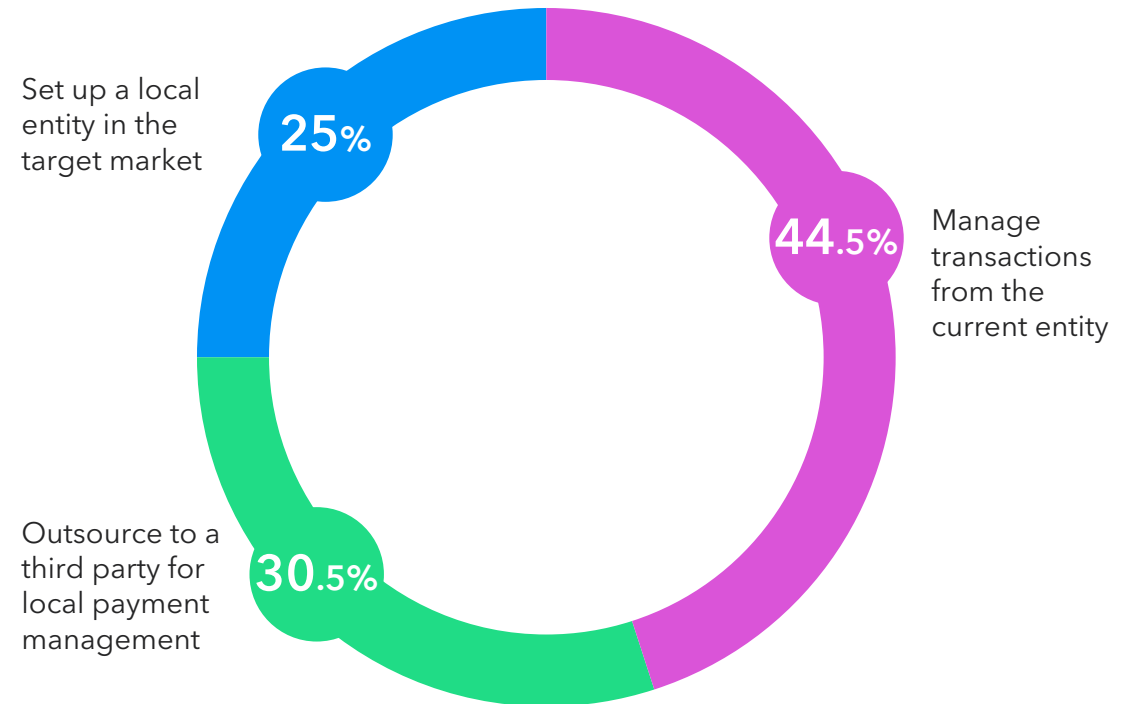
Trend watch:

**44.5%** want to handle transactions from the current entity

**Having the current entity manage transactions is the preferred approach for cross-border sales expansion.** Over 44.5% of respondents prefer this over setting up a local entity in the target market or outsourcing to a third party for local payment management. Qualitative interviews indicate the complexity of setting up a local entity regarding tax and regulations was the chief reason.

**Outsourcing to a third party for local payment management was the second most popular.** 30.5% of respondents chose this option. In qualitative interviews, many, especially those from the Australian Retail industry, chose this instead of setting up a local entity because of organizational structure, tax and regulations and to keep up with local payment preferences.

What is your preferred approach to expanding cross-border sales?



# 7 High cost of doing business is a major barrier to cross-border e-commerce

50% see cost as a significant barrier to cross-border e-commerce (no surprise there). 27% pointed to the high cost of doing business, like high transaction fees and local taxes, and 23% felt it was too costly and time-consuming to set up a local entity.

Those who selected high cost of doing business also selected outsourcing to a third party (previous finding). There is a strong correlation (over 50%) between those who saw a high cost of doing business and those preferring to outsource to a third party for local payment management.

Internet publishing companies find the high cost of doing business a significant challenge. Qualitative interviews did not highlight any significant reasons, but many hinted that the local tax regime was a major issue.

Trend watch:

27% see high cost of doing business becoming a road bloc for cross-border e-commerce.

## What is your top challenge stopping your cross-border e-commerce business ambitions?

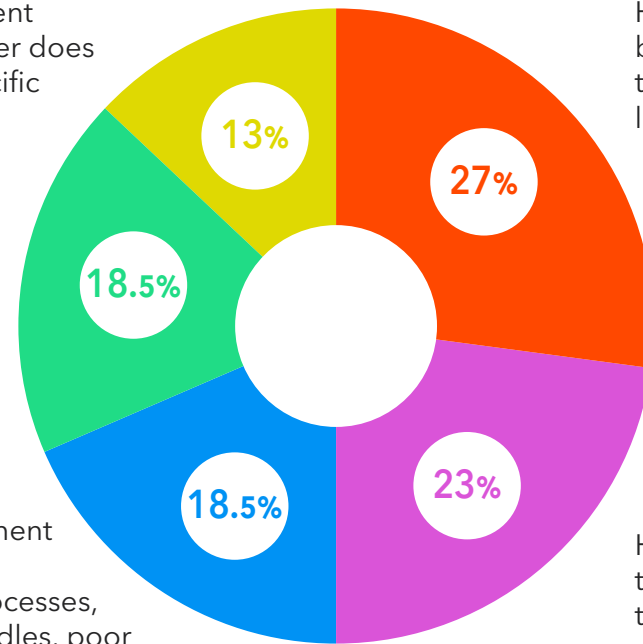
Current payment service provider does not cover specific countries

Poor or insufficient knowledge of target market

Complex payment infrastructure (long bank processes, regulatory hurdles, poor acceptance rates, etc.)

High cost of doing business (high transaction fees, local taxes, etc.)

High cost and takes a long time to set up a local entity



# 8 Over half of the respondents see locally accessible payment methods as necessary for cross-border e-commerce

Popular, locally accessible payment methods are vital for cross-border e-commerce. 62% chose this over having local payment or country-specific methods or high acceptance rates. It also indicates companies prefer

## Trend watch:

**62%** of respondents see having the most popular locally accessible payment method as critical for cross-border transactions

qualitative interviews indicate a growing worry about local regulations over money or payment transaction policies, which is not significant enough.

access to major credit card and online payment systems (like PayPal) instead of local payment methods.

**Only 29% are motivated by low transaction fees (including foreign exchange and acquirer fees).** Having locally accessible payment methods was more critical, indicating that many companies are willing to pay higher transaction fees if popular, locally accessible payment methods are accessible.

**Regulations, smart checkout options, and a local entity are insignificant.** However,

## What are your most important payment factors when you conduct cross-border transactions? (Select all that apply)



# 9 Flexibility is the primary reason for choosing a payment provider

**Flexibility is critical for choosing a payment provider.** In qualitative interviews, the definition of flexibility remained loose, ranging from the ability to provide locally accessible payment methods and offering local payment methods.

**Dedicated account management is equally important.** PCI compliance, 24/7 support, and access to knowledge of payment processes and requirements came out as potential motivations. Many also saw having a payment provider as a long-term relationship for cross-border e-commerce and having dedicated account management as a business advantage.

**Having a good product roadmap, existing suppliers, helping to identify new opportunities, and understanding their business were not as important.** Companies were more focused on enabling transactions, and many were at the start of their cross-border e-commerce expansion.

Trend watch:

**22%** of respondents select flexibility as the main criterion for choosing a payment provider

## What is your top reason for choosing a payment provider?



# 10 Most will likely choose to outsource to a third party

Most companies will outsource their cross-border payment needs to a third party. 36% selected 9 when asked how likely they were to outsource their cross-border payment needs. The rest of the respondents picked 8-6, showing a high preference for cross-border payment outsourcing.

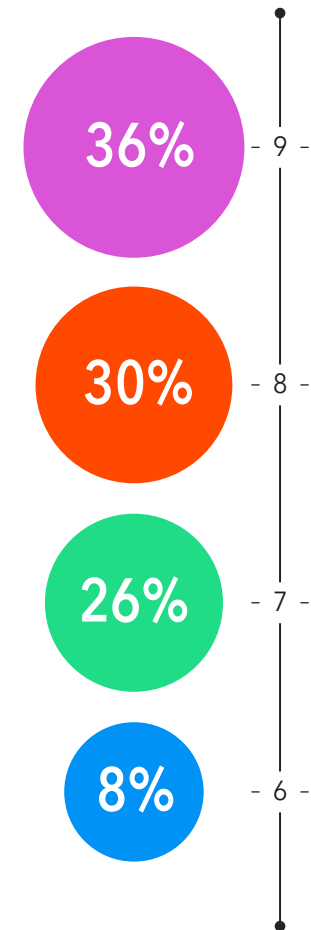
## Trend watch:

**36%** of respondents are highly likely to outsource cross-border payments need to a third-party

**Strong opportunity for offering locally accessible payment options.** Many also see outsourcing as offering flexibility while partnering with a strong third-party cross-border payment solutions provider as crucial for successful expansion.

## How likely will you outsource cross-border payment needs to a third party such as Payoneer?

(Ranked from 1 to 10 with 1 least likely and 10 most likely)



# Conclusion

The findings show that companies were about to shift gear in cross-border payments. However, during the qualitative interviews, many noted that cross-border e-commerce was not a new venture. Many stalled their plans due to the pandemic, and others re-shifted their focus (temporarily) toward in-country or local e-commerce during the lockdowns.

With borders opening up, travel restrictions eased, and a more significant proportion of the end customers willing to do e-commerce (after relying on them during lockdowns), many see a rising potential. Many are looking to expand across Asia or looking across the Pacific Ocean to North America for their cross-border expansion.

However, the findings also indicate a certain level of wariness in having local payment options. During qualitative interviews, respondents kept pointing to having locally accessible payment options as more important. Many also do not want to set up local entities for cross-border business or accept local payments due to tax and other regulatory reasons.

Surprisingly, transaction fees did not figure heavily in all the findings. Even though these were considered important, it was not as crucial as those highlighted above. This result may indicate a strong desire to do cross-border business.

However, the interviews also highlighted upcoming headwinds. Key issues highlighted include the impact of interest rates, currency exchanges, and inflation. It remains to be seen how these will play out in the long run.

Overall, the findings show a strong appetite for cross-border e-commerce and strong potential as many are about to shift their focus toward it. It also offers a vital opportunity for cross-border payment providers to increase their market size and deepen their relationships, as many indicated a preference for building long-term ones.



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