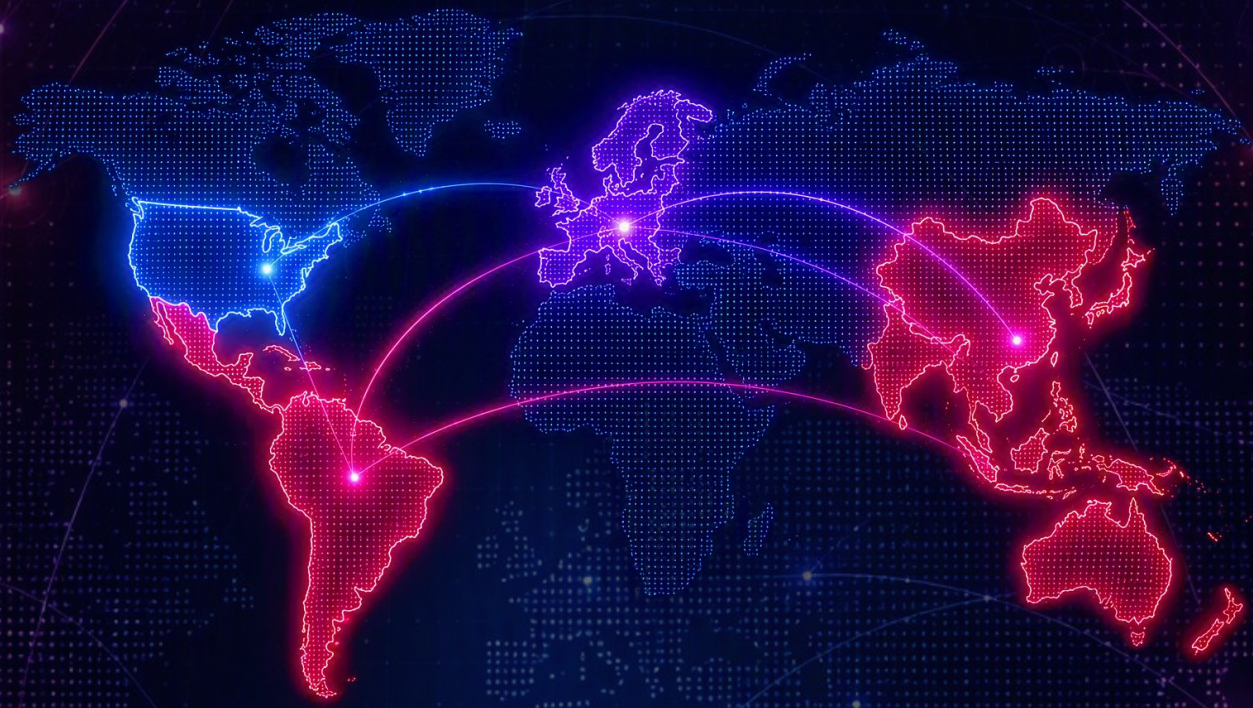
EVALUESERVE



The Fragile Frontier:

How Geopolitics, Regulation, and Sovereign Rails are Reshaping the Future of Cross- Border Payments (2026–2030)

November 2026

Preface



The cross-border payments industry is undergoing a profound structural pivot. As global trade fractures along geopolitical lines, the rise of protectionism, punitive tariff regimes, and supply-chain realignment is now transforming payments from neutral technical transactions into strategic instruments of global economic statecraft.

Legacy correspondent banking networks are buckling under mounting compliance and geopolitical pressure. This isn't a cyclical slowdown; it is a fundamental contraction of the rails that once moved money globally. As relationships are severed and screening costs escalate, settlement slows, eroding speed, cost, and trust across every corridor.

In response, sovereign instant payment systems are reshaping the landscape, moving value from centralized card rails toward account-to-account infrastructures. Networks like UPI, PIX, and Wero now extend across borders, while initiatives like Project Nexus interlink them, enabling near-instant settlement at fundamentally lower cost across previously fragmented corridors.

Building on this, stablecoins have moved from crypto's fringe into the core of settlement. Buoyed by surging supply and new regulatory clarity, leading global card networks are re-architecting money movement across programmable, multi-chain, always-on rails that operate continuously without interruption.

Together, these forces are converging into a smarter, more borderless payments future. Institutions that move first will shape the standards, corridors, and trust frameworks that define tomorrow.

In this white paper, we examine how three macro forces, spanning geopolitical realignment, real-time rail divergence, and regulatory localization, are re-architecting the movement of money across borders. We explore the contraction of correspondent banking, the rise of sovereign payment rails, the Project Nexus blueprint, the stablecoin strategies of major card networks, data-localization mandates, and the strategic playbook facing payment leaders across markets today.

Our goal is to offer thought leadership for payment networks, banks, and policymakers, equipping them with the insights needed to navigate fragmentation, modernize settlement, and build interoperable, compliant, and future-ready cross-border payment systems.

Follow us:

Learn how Evalueserve's solutions for TMT customers can help your business thrive

Talk to an Expert

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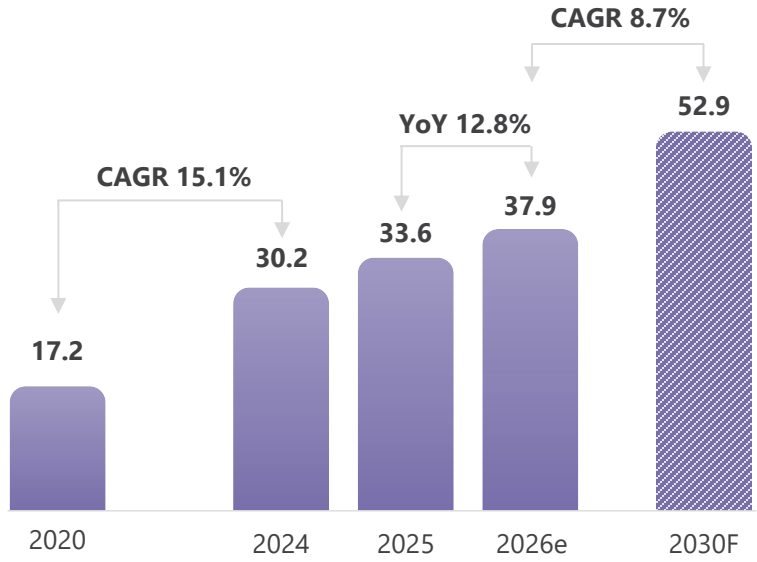
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How trade fragmentation turns cross-border payments into strategic infrastructure…

Payments are no longer neutral technical transactions; they are strategic tools of economic statecraft.

Global Cross Border E-Commerce (USD Trillion)



Source: Statista, Evalueserve Analysis

Factors Affecting Growth

Market growth is expected to slow due to current geopolitical scenarios

- **Geopolitical Tensions in Middle East Region**
- **Heightened Protectionism**
- **Dynamic Tariff Regimes**
- **Supply Chain Realignments**

New Tariff Regimes and Supply Chain Impacts

1

U.S. Tariff Regime Changes

The temporary **10% Section 122 surcharge** expired in July 2026. Subsequent Section 301 measures **impose additional 10% –12.5% duties** on covered imports from 60 economies, subject to exemptions, sustaining landed-cost complexity.

2

Suspension of De Minimis Exemptions

Suspension of the **USD 800 duty-free de minimis exemption** increases customs-data, duty-calculation and collection requirements for covered imports. It does not universally mandate duty collection at merchant checkout.

3

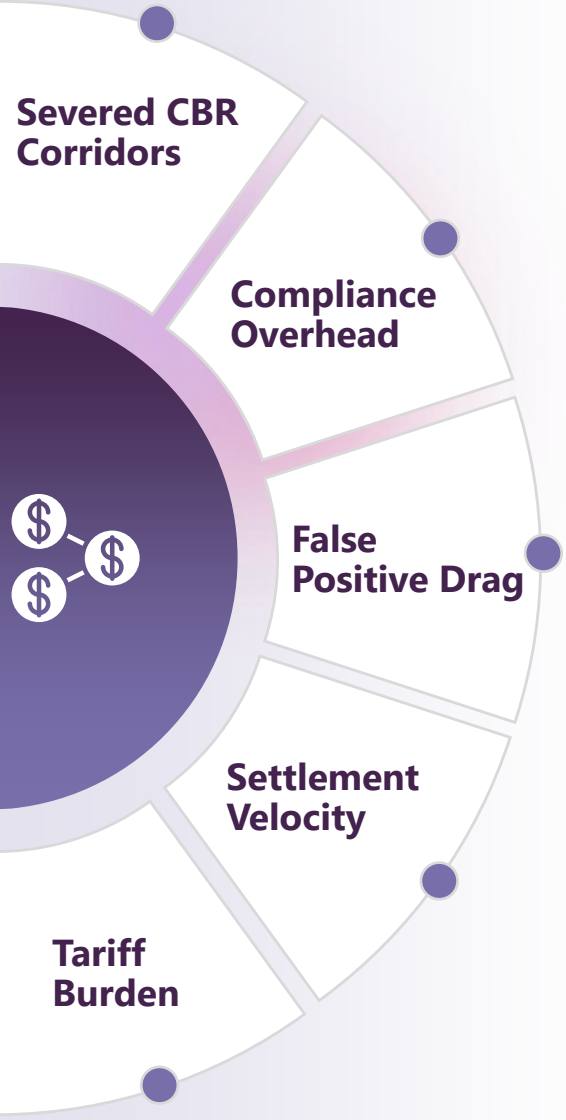
E-Commerce Expansion vs. Friction

Global cross-border e-commerce continues to expand despite regulatory and operational challenges. While the market is projected to reach USD 52.9 trillion by 2030, growth is expected to moderate, with CAGR **declining** from **15.1% during 2020-2024** to an **estimated 8.7% during 2026-2030**.

...as de-risking pressures compress correspondent banking connectivity and settlement speed...

Legacy correspondent banking networks rely on multi-tiered intermediary relationships to route foreign currency across borders. Rising compliance burdens and geopolitical sanctions have made these networks expensive and fragmented.

Correspondent Network Friction Drivers



Decline in **primary correspondent banking relationships (CBRs) by ~40%** across emerging markets since 2011

Global financial crime compliance costs reached **USD 206.1 billion in 2023**, with estimated annual spend at **USD ~300 billion in 2025**

Legacy rule-based screening tools suffer from **99% false-positive rates**, causing settlement processing delays and high transaction drop-offs

De-risking has concentrated cross-border clearing into fewer financial institutions, driving up settlement windows from **same-day to multi-day timelines**

The temporary Section 122 surcharge expired in July 2026. Subsequent **Section 301 duties of 10% – 12.5%** apply to covered imports, subject to exemptions

...prompting sovereign instant rails to scale across regions and challenge legacy networks...

Global Sovereign Instant Payment System

	Regional Landscape	Scale & Volume
APAC	**Project Nexus:** Planned multilateral interlinking of domestic instant payment systems. **UPI:** India's real-time account-to-account payment infrastructure. **PayNow:** Instant payments via mobile numbers and IDs. **DuitNow:** Real-time payments across banks and wallets. **BI-FAST:** 24/7 instant retail payment rail. **PromptPay:** Instant transfers via phone numbers and citizen IDs.	**6** Participating Countries **5** Founding Countries **<60** Seconds: Design Target, Most Cases **2027** Target Go-Live
United States	**RTP:** The Clearing House's real-time payment network providing instant settlement and always-on transactions. **FedNow:** Federal Reserve-operated instant payment service enabling nationwide 24/7 real-time payments.	**1,800+** Participating FedNow Institutions, Jul 2026 **65%** US Account Reach **$10M** Per Transaction Value **14.1M** FedNow Total Payments Volume (Jan-Sep 2026)
EMEA	**EuroPA:** Alliance connecting European payment solutions to improve cross-border interoperability across markets. **Wero:** European digital wallet initiative designed to provide a unified account-to-account payment experience.	**60M** Registered Wero Users, Oct 2026 **€7.5B+** Wero P2P Volume **18+** EPI Banks and PSPs **0.7%** Wero Merchant Cost
LATAM	**Pix (Brazil):** Brazil's instant payment system driving digital payment adoption and financial inclusion. **Bre-B (Colombia):** Colombia's interoperable instant payment ecosystem for real-time transfers. **SPEI (Mexico):** Mexico's electronic payment system enabling secure real-time interbank transfers. **CoDi (Mexico):** QR-based payment platform built on SPEI for low-cost digital transactions.	**80B+** Annual PIX Transactions **$6.87T+** Annual Transaction Vol. (PIX) **180M+** Active Users (PIX) **+49%** Financial Transactions Share (PIX)

...beginning with Europe's autonomy push that unifies fragmented wallets into sovereign A2Aa infrastructure - Case Study of Europa and WERO

Case Study: Europe's Drive for Autonomy: Wero and EuroPA

In Europe, regulators and central banks are actively building domestic payment alternatives

>60%
EU Card Market Run by US Schemes

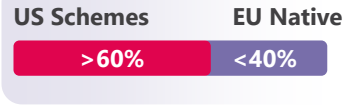
13 / 21
Eurozone States Lack Domestic Rails

130M
Active Users in EuroPA Network

186
Financial institutions connected

Core Strategic Pillars of the Initiative

1 Strategic Autonomy Mandate



- **Dominance of Foreign Schemes:** Visa and Mastercard process over 60% of European card transactions.
- **Lack of Domestic Infrastructure:** 13 of 21 eurozone states lack domestic card schemes, relying entirely on foreign rails.
- **Regulatory Vision:** The ECB calls for an "Airbus of payment systems", a unified, sovereign European rail.

2 The EuroPA Alliance

vipps BANCOMAT wero MB WAY bizum

- **Core Initiative:** Spearheaded by the European Payments Initiative (EPI), which developed the **Wero digital wallet.**
- **Landmark Coalition:** Formed a strategic alliance with established national mobile payment market leaders:
  - **Bizum (Spain)**
  - **Bancomat (Italy)**
  - **MB WAY (Portugal)**
  - **Vipps MobilePay (Nordics)**

3 User Base & Scale

130 Million
Active users Covered

Immediate Scale: Creates an interconnected Account-to-Account (A2A) network serving 130 million active users across European nations.

Phased Rollout Roadmap:

- **2026 Phase:** Launch of cross-border Person-to-Person (P2P) instant payments via the SEPA Instant Credit Transfer scheme.
- **2027 Phase:** Commercial rollout expanding to Point-of-Sale (POS) in-store payments and e-commerce merchant acceptance.

EuroPA and Wero Core Infrastructure

SEPA Instant Infrastructure

Account-to-Account (A2A) Architecture

Interoperable Network Hub

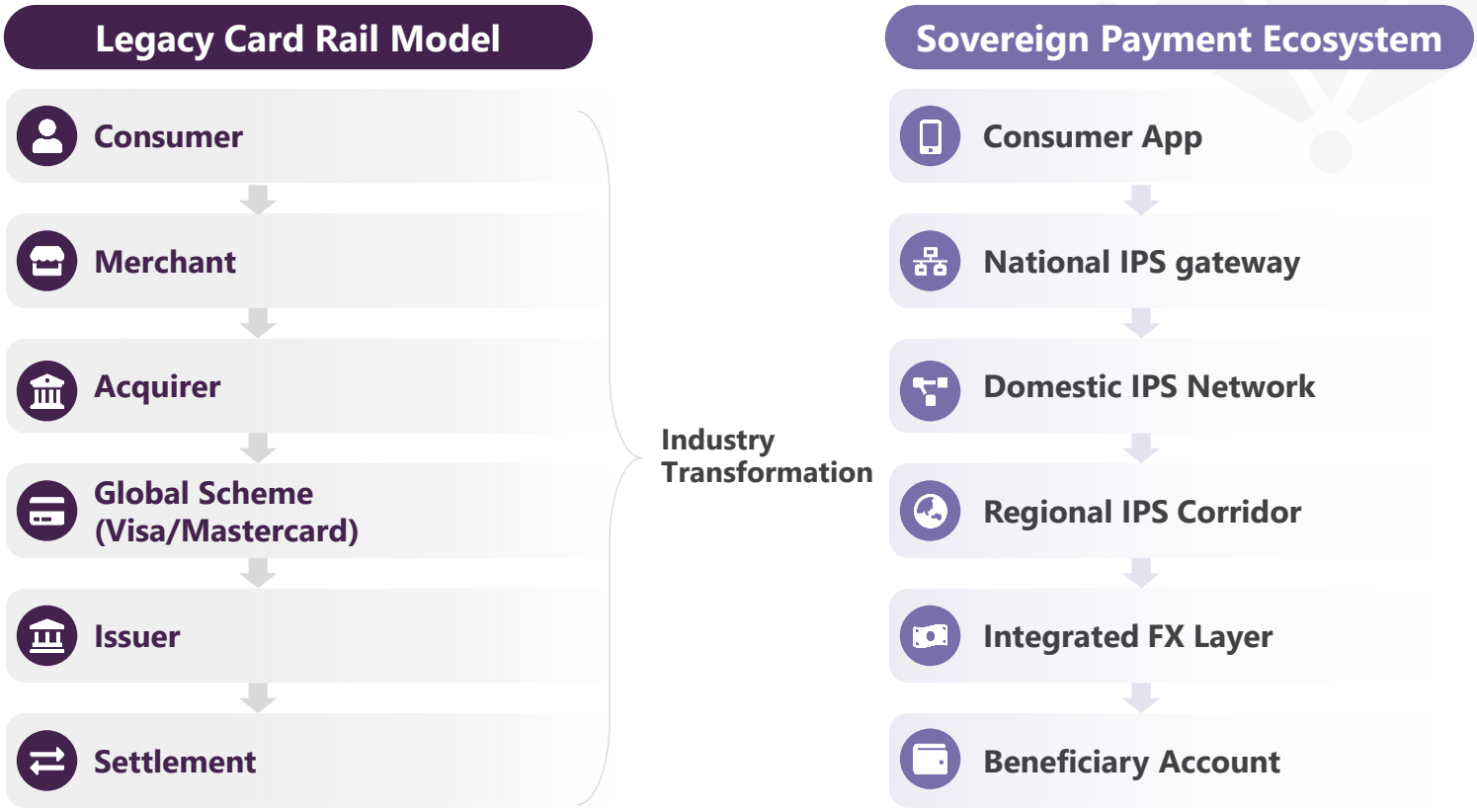
Digital Wallet Integration

...which redraws payment architecture from card-centric models toward account-to-account ecosystems...

Executive Overview

Payment ecosystems are shifting from centralized card-network models toward sovereign account-to-account infrastructures. National IPS networks are increasingly integrating domestic payments, FX capabilities, and cross-border settlement mechanisms while reducing reliance on international intermediaries.

Architectural Shift



Key Strategic Insights

- Sovereign IPS networks are evolving from domestic utilities into cross-border payment infrastructure.
- Regional interoperability creates new payment corridors beyond traditional card rails.
- Embedded FX can reduce friction, depending on liquidity, pricing and integration.
- Account-to-account models can improve transparency and processing efficiency.

...and interconnects these sovereign rails at global scale through project nexus...

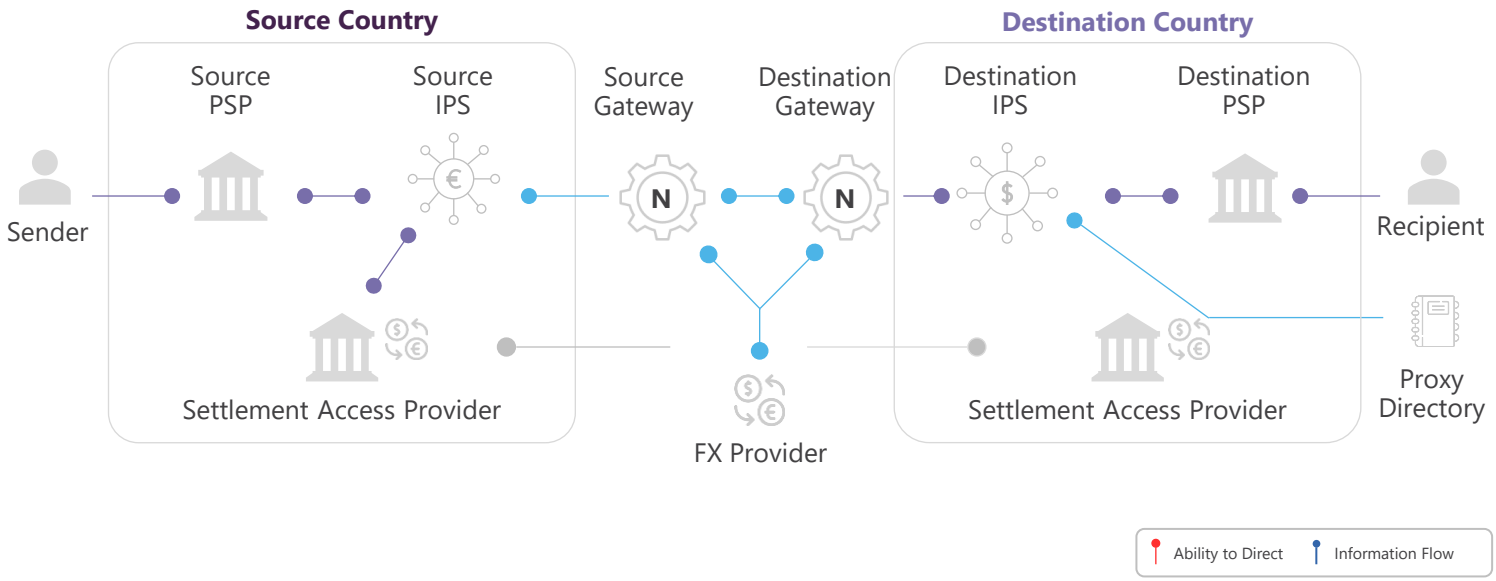
What Is Project Nexus?

Project Nexus, led by the BIS Innovation Hub, is a standardized multilateral framework linking domestic instant payment systems through one integration, replacing custom-made bilateral connections and legacy multi-hop correspondent banking. Nexus enables cross-border account-to-account transfers in under 60 seconds through ISO 20022 gateways, real-time APIs, competitive locked-in FX, settlement access providers, and proxy-based addressing.

Nexus Global Payments Architecture

Targeted End-to-End Clearing Velocity: WITHIN 60 SECONDS

1.7 Bn People
Potential Market Reach



Strategic Imperatives For Ecosystem Stakeholders

- Central banks and policymakers can position Nexus as a scalable alternative to closed-loop networks and correspondent banking chains, while advancing the G20 cross-border payments roadmap
- As the ecosystem moves to standardized connectivity, financial institutions can replace bilateral connectivity projects with a single integration and participate as PSPs, SAPs, or FX Providers
- Translate connectivity into use cases: This integrated ecosystem enables PSPs and merchants to support real-time e-commerce checkout, instant P2P remittances, and more efficient cross-border trade for SMEs.

...while stablecoins move from crypto fringe into programmable, always-on settlement infrastructure...

Stablecoin Movement

Stablecoins have moved from crypto's trading fringe into the core of payments. With supply up ~50% to USD 274B and regulatory clarity from the U.S. GENIUS Act and EU MiCA, both networks now treat a stablecoin strategy as a 2026 imperative is shifting from settlement pilots to full-stack participation.

$274B
Stablecoin supply (+50% YoY)

$10T+
2025 transaction volume

316M
Active stablecoin wallets

VISA

PERSPECTIVE

- Visa is positioning itself as the trust layer of programmable money
- It is investing across every layer of the stack, from issuance to orchestration

OUTLOOK

- Annualized settlement of ~USD 7B across 9 chains with 160+ card programs moving towards adoption
- VSP extends into tokenized deposits via Pismo using stablecoins as growth factor

PERSPECTIVE

- Mastercard treats stablecoins simply as another currency within a multi-money network
- Views them as powerful currency when paired with cards providing utility to the users

OUTLOOK

- With crypto volume tripled in two years and Q2 net income up 21%, Mastercard aims to grow with stablecoin flows
- It is betting cards stay essential in an agentic world of high-velocity, machine-to-machine payments.

Initiative Timeline

KEY: Visa · Mastercard · Joint (V + M)

MAR 3 — Ecosystem
Crypto Partner Program unites 100+ firms incl. Binance & PayPal.

MAR 11 — Cards
Stablecoin-linked cards to 100+ countries (live in 18); settled on-chain via Lead Bank.

MAR 17 — Settlement
Expanded settlement to six regulated across 8 chains with intraday/weekend/ holiday windows

JUN 3 — M&A
Announced BVNK acquisition to expand end-to-end support of digital assets

JUN 10 — Issuance
Co-founded the Open Standard consortium (with 140+ firms including Mastercard) to issue Open USD

JUN 30 — Product
New stablecoin & token capabilities unveiled at Visa Payments Forum

JUN 30 — Platform
Launched the Visa Stablecoin Platform to mint, move and manage stablecoins + Wallet-as-a-Service

JUL 16 — Issuance
Joined Paxos' Open Dollar Network and extended Agent Pay for Machines

AUG 3 — M&A
USD1.8 B BVNK acquisition deal closes to bridge on-chain and fiat rails

Where The Strategies Converge

Shared Issuance:
Visa and Mastercard co-founded the Open Standard consortium to launch Open USD, a zero-fee, reserve-sharing dollar stablecoin backed by 200+ firms including Coinbase

Strategic Prize:
Visa and Mastercard are building a shared platform with Stripe to challenge Circle and Tether's ~80% market share leveraging, merchant acceptance and bank distribution experience

Common Playbook:
Visa and Mastercard are trying to keep the consumer card experience unchanged while modernizing back-end settlement adding 24/7, weekend and holiday windows via regulated, multi-chain stablecoin rails

...forcing a sovereign-ready, iso-native, policy-aware architecture amid rising regulatory fragmentation...

Global interoperability must now coexist with sovereign rules for data, financial crime and monetary control

Three Structural Shifts

Regulatory Divergence

Divergent privacy, licensing, sanctions, fraud-liability and supervisory regimes fragment centralized payments. Expanding central bank digital currencies (CBDCs) add architectural, identity and governance differences, increasing jurisdiction-specific controls and sovereign interoperability challenges.

Data Localization

Data residency mandates decentralize infrastructure into regional vaults, localized tokenization and sovereign processing. Localization models vary hard keeps data in-country; soft retains domestic copies; conditional permits cross-border transfers through approved mechanisms.

ISO 20022

ISO 20022 standardizes payments with richer data, stronger reconciliation and higher straight-through processing (STP), requiring complete modernization under Swift's Cross-Border Payments and Reporting Plus (CBPR+), before the critical November 2026 MT and ISO 20022 coexistence deadline.



Real Time Operating Pressures

Compliance Complexities

Regulatory fragmentation, localization and instant settlement elevate anti-money laundering (AML) and sanctions-screening pressure. Institutions must synchronize lists and jurisdictional interpretations without delaying execution, using explainable artificial intelligence (AI) to reduce false positives while preserving transparent, traceable and auditable decisions

Cross Border Frauds & APP Scams

These structural shifts compress the window for detecting and stopping cross-border fraud. Authorised push payment (APP) scams become harder to recover after instant settlement, as jurisdictions apply inconsistent liability frameworks, recall procedures and evidentiary standards, weakening coordinated intervention and restitution.

Hurdles in Core Modernization

Legacy batch systems struggle to support 24/7 uptime, creating operational bottlenecks. Meanwhile, upgrading software, databases, and network architecture demands massive capital commitments. With IT maintenance spending outpacing revenue growth, status quo operations are becoming financially unsustainable for banks seeking modernization and long-term resilience.

Build a global modular policy aware platform

LOCALIZE — Data Vaults + Tokenization

STANDARDIZE — ISO 20022 Native Processing

PROTECT — Real-time Screening

ORCHESTRATE — Automated FX + Liquidity

Architecture adaptable to sovereign requirements while maintaining speed, security and seamless scalability

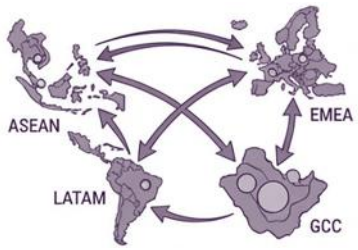
...as three forces converge into a fragmented, real-time, multi-rail future...

Key Insights

The global cross-border payments ecosystem is experiencing a generational structural pivot. Fueled by **rising trade fragmentation, real-time domestic payment mandates,** and **data localization policies**, traditional correspondent banking rails are rapidly yielding to interconnected regional settlement architectures.

1. Geopolitical Realignment

Trade Blocks



Payment flows increasingly follow trade blocs and political alliances

Regional payment blocs are strengthening, increasing compliance complexity and aligning payment infrastructure, including CBDCs, with emerging trade corridors.

Key Signal U.S.–China goods trade: −12.1%, Jan–Aug 2026 YoY

2. Real-Time Rail Divergence

RTP Velocity

UPI — High Volume

FedNow — Modernizing

pix — Inclusion

Domestic RTP systems scale faster than cross-border infrastructure

Rapid growth of domestic instant payment systems is raising expectations while cross-border interoperability and correspondent banking networks remain constrained.

Key Signal Active global CBRs: ~20% decline, 2011–2018

3. Regulatory Localization

Compliance



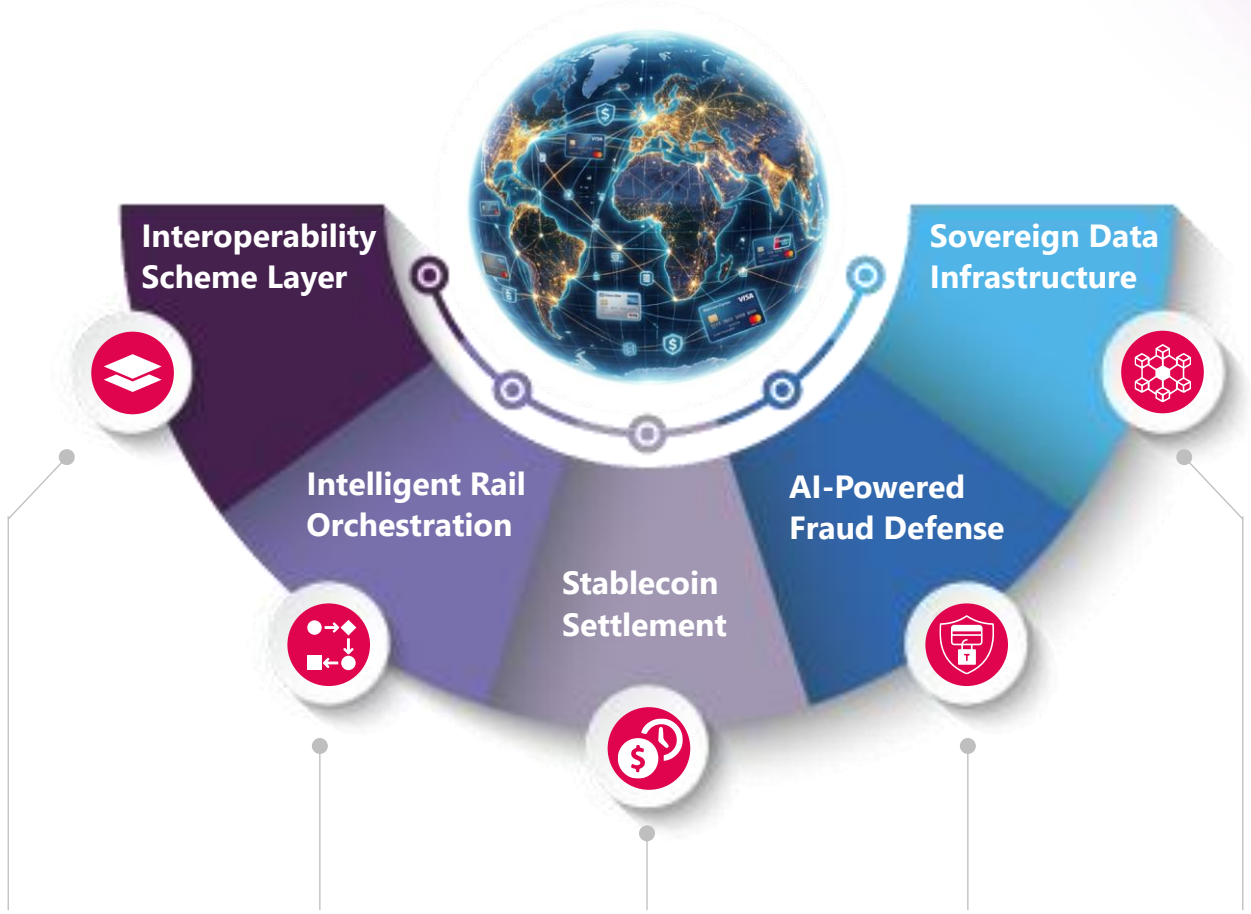
Local compliance requirements rise while digital settlement becomes borderless

Data localization and the adoption of stablecoins, tokenized deposits, and programmable money are reshaping global settlement models toward more digital, borderless frameworks.

Key Signal 2025: USD33T on-chain, including trading

...requiring payment leaders to orchestrate rails, data, fraud, and stablecoin settlement...

As the payments landscape becomes increasingly complex, Visa, Mastercard, and other payment leaders must reassess their strategic priorities to sustain relevance and growth. These imperatives focus on strengthening market positioning, enabling intelligent payment choice, modernizing settlement, enhancing transaction protection, and addressing increasingly complex data requirements globally.



Disaggregate **processing infrastructure from scheme governance**. In markets where sovereign networks mandate domestic processing, license **dispute-resolution rules, fraud-protection capabilities, and scheme governance** to regional hubs.

Provide enterprise merchants and acquirers with **intelligent routing platforms** that assess real-time costs, settlement speeds, and compliance constraints. Automatically select the optimal rail across **cards, instant account-to-account payments, and stablecoins**.

Scale **stablecoin settlement options** across corporate banking platforms. Enable **24/7 liquidity, reduce counterparty risk, and lower cross-border settlement costs** for enterprise clients.

As agentic commerce expands, deploy **AI-driven fraud detection, behavioral verification, and automated transaction management**. Protect both account-to-account and stablecoin networks against emerging transaction risks.

Invest in **localized data architecture, regional tokenization vaults, and in-country cloud processing**. Maintain full compliance with data-sovereignty requirements **across 130+ jurisdictions**.

...a shift toward sovereign, interoperable, tokenized payments that Industry Leaders now validate

Christine Lagarde
President

"Visa, Mastercard, PayPal and Alipay are all controlled by American or Chinese companies. We should make sure there is a European offer."

Agustín Carstens
Former General Manager

"These bilateral channels are a good start. But we should aim higher... To make progress at a global scale, a multilateral approach is required."

Cuy Sheffield
Head of Crypto

"You still have to come back and connect to the existing merchant acceptance ecosystem if you want that product to be used."

Jorn Lambert
Chief Product Officer

"We expect that most financial institutions and fintechs will in time provide digital currency services."

Monica Long
President

“Monica Long expects stablecoins to move from pilots toward wider institutional production, particularly in cross-border payments.”

Jack Zhang
Founder & CEO

"Why can't we build a payment system in parallel to SWIFT and fundamentally change how money moves around the world?"

Alex Chriss
Former President & CEO

"Digital wallets work great locally, but there is no mechanism available when users want to move money across borders."

Jeremy Allaire
Co-founder & CEO

“Stablecoins are moving beyond crypto trading and becoming payment infrastructure.”

Quick Recap…



This paper presents an in-depth analysis of the cross-border payments landscape, reshaped by geopolitical realignment, the rise of sovereign real-time rails, and accelerating regulatory divergence. It examines the contraction of correspondent banking, the proliferation of instant payment systems, the institutionalization of stablecoins, and the strategic playbook enabling networks and banks to compete in a fragmented, interoperable future.

Geopolitical Fractures & Correspondent Banking Contraction

Geopolitical fractures and de-risking are dismantling legacy rails. The temporary Section 122 surcharge expired in July 2026, followed by Section 301 measures on covered imports. BIS documented a 20% global decline in active correspondent relationships during 2011–2018. With USD ~300 billion in annual AML and KYC spend in 2025 and 99% false-positive screening, settlement time has now increased from same-day to multi-day timelines.

Proliferation of Sovereign Payment Rails

Instant-payment systems are expanding account-to-account alternatives alongside existing rails. European Network for Payments now brings together solutions serving about 130 million users in 13 countries. Nexus Global Payments is implementing links across six participating countries, targeting transfers within 60 seconds in most cases and go-live in 2027.

Stablecoins Enter Core Settlement

Stablecoins are expanding into institutional settlement. Open USD went live on 30 September with more than 200 Open Standard partners. On 15 October, Visa Direct moved USDC prefunding into commercial deployment, and Mastercard/BVNK launched Global Money Platform. The OCC's GENIUS Act rule takes effect on 18 January 2027, with AML and sanctions rulemaking separate.

Regulatory Divergence & the Strategic Playbook

Regulatory divergence requires jurisdiction-specific architecture. The Atlantic Council counted 146 countries and currency unions exploring CBDCs in May 2026. Swift's CBPR+ MT/ISO coexistence ended on 22 November 2025, while its planned November 2026 structured-address migration was extended. Payment leaders should invest in suitable data controls, governed fraud detection, rail orchestration and carefully assessed digital settlement options.

About Us



200+ Domain Experts

Deep expertise across sectors, functions and processes

Integrated Approach

Address client specific business problem through tailor-made solution combining domain, consulting and data analytics

End-to-End Solution

Partners with clients not only to design solutions but also to implement, drive internal adoption, and manage them comprehensively

Partners Ecosystem

Extensive network of empanelled partners for SME interviews, customer/ consumer surveys, focus group discussions, UX research and translation

Technology Enabled Delivery

Self serve tools/platforms, agentic AI/GenAI, micro-automations, custom integration and configuration

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Consultant

Rajnish brings over 7 years of experience in insights and advisory, focusing on emerging tech advisory within Evalueserve's TMT practice

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Piyush Bhutani

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