

**The Digital Currency Shift:**

**The Cross-Border Remittances Report,**

a PYMNTS and Stellar Development Foundation collaboration, is based on findings from a census-balanced survey of 2,079 adult consumers representative of the American population. The report reveals trends in consumer behavior with respect to cross-border remittances and their priorities in choosing payment service providers.



# The Digital Currency Shift: The Cross-Border Remittances Report

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PYMNTS.com

Stellar  
Development  
Foundation

# The Digital Currency Shift: The Cross-Border Remittances Report

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The Digital Currency Shift: The Cross-Border Remittances Report was done in collaboration with Stellar Development Foundation and PYMNTS is grateful for the company's support and insight. **PYMNTS.com** retains full editorial control over the following findings, methodology and data analysis.

# Introduction

Over the past year, as a new crop of FinTechs rose to the challenge of facilitating streamlined digital payments, cross-border remittances — a lifeline for many developing economies — remained complex.<sup>1,2</sup>

While consumers now may have a wide array of retail choices for transferring funds abroad, they also face the prospect of significant friction in sending and receiving funds. Consumers sending remittances have often met significant and highly variable fees, especially for those attempting to send funds abroad quickly.

Many consumers are turning to cryptocurrencies as a payment option to avoid some

of the pain points of sending remittances, such as long wait times for processing and high fees for transfers. PYMNTS research finds that a significant number of consumers (24 percent) see the option to send funds received as cryptocurrency as a chief motivator in choosing a payment services provider (PSP).

In *The Digital Currency Shift: The Cross-Border Remittances Report*, a PYMNTS and Stellar Development Foundation collaboration, we examine findings from a 2021 survey of 2,079 respondents about how consumers send and receive cross-border payments. Our research indicates a significant opportunity for solutions providers to offer alternatives to traditional remittance payments methods, such as a blockchain payments option.

Forty-one million  
U.S. consumers  
sent money  
abroad in the last  
12 months, and  
more than half  
have increased  
the frequency  
and dollar  
amount sent.

PYMNTS research reveals that 16 percent of United States consumers send a total of \$76 billion annually in payments to friends and family in other countries, and the flow is increasing. Fifty-nine percent of consumers who made cross-border remittances in the last 12 months have increased the number of payments made during the pandemic. Among those who made these payments online, 60 percent increased their payment frequency. This share rises to 64 percent among those who made these payments with an agent at a retail location.

<sup>1</sup> Moving Closer To Borderless Commerce With Local Solutions. PYMNTS.com. 2021. <https://www.pymnts.com/news/cross-border-commerce/2021/moving-closer-to-borderless-commerce-with-local-solutions/>. Accessed September 2021.






Deep Dive: How High Costs And Slow Processing Times Impede Remittances. PYMNTS.com. 2020. <https://www.pymnts.com/smarter-payments/2020/remittance-high-costs-slow-time/>. Accessed September 2021.

**Peer-to-peer (P2P) payments** are slow — and costly — for most consumers sending money to those in need.

Seventy percent of consumers pay a fee to send money overseas, with 41 percent paying a percentage fee averaging 6.2 percent, and 28 percent paying a fixed fee that averages \$14.80. In aggregate, the cost to U.S. consumers is \$3.5 billion. While 30 percent of respondents stated that they do not pay a fee, they may be paying exchange rate costs.

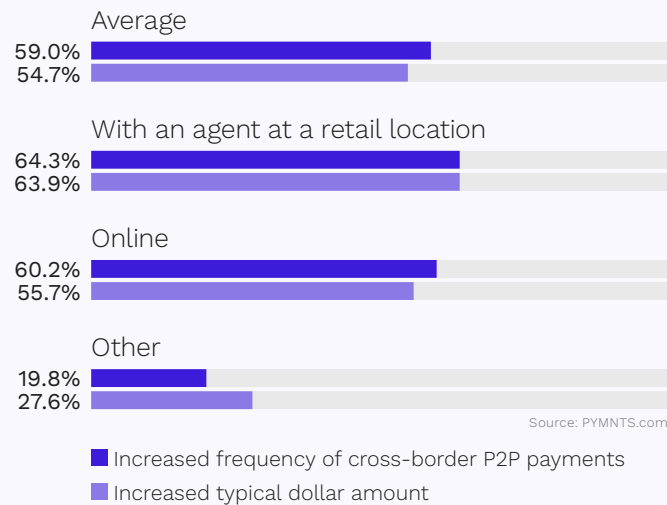
TABLE 1:

**Types of P2P payments made in the last 12 months**  
Types of P2P made in the last 12 months, by generation

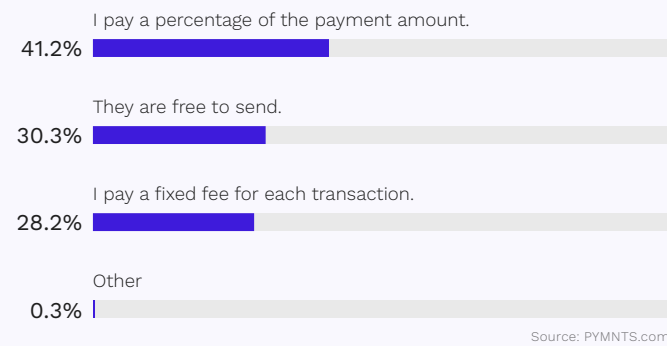
	All consumers	 Generation Z 23 or younger	 Millennials 24 to 39	 Bridge millennials 32 to 41	 Generation X 40 to 55	 Baby boomers/ seniors 56 or older
Individuals who live within the United States	44.1%	45.1%	59.6%	60.4%	47.5%	28.0%
Individuals who live within my region (state or bordering states)	31.6%	37.8%	44.5%	42.3%	34.4%	16.3%
Individuals who live within my community	29.1%	41.9%	41.8%	40.7%	30.0%	13.1%
Individuals who live outside the United States	<b>16.0%</b>	11.7%	29.2%	31.6%	19.0%	3.9%

Source: PYMNTS.com

**FIGURE 1:**  
**Increased frequency and typical dollar amount of payments made to individuals outside the U.S. over the last 18 months**  
Increase in payment frequency and typical dollar amount, by how cross-border P2P payments are made



**FIGURE 2:**  
**Typical charge of cross-border remittances**  
Share of typical charge of cross-border remittances

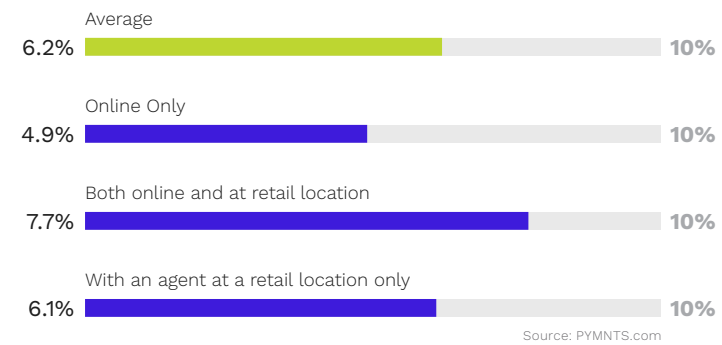


There is another significant point of friction: long wait times for funds to reach consumers. It takes more than two days, on average, for a recipient to receive and access the funds.

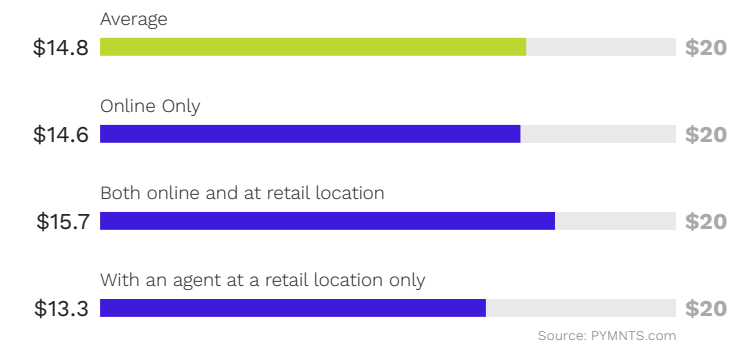
The greatest percentage of P2P payments were sent to friends or family experiencing economic hardship because of the pandemic (32 percent). For these consumers, long payment delays and high transaction fees may have a significant impact on their access to needed funds or on the ability of payors to send the total amounts they intend.

Facing high fees and long wait times to send funds abroad, some consumers have turned to new digital currencies, which often offer flexible payment options and lower fees when making cross-border payments.

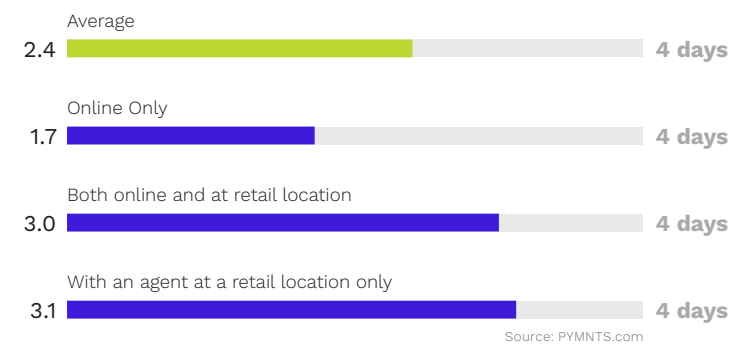
**FIGURE 3A:**  
**Average percentage fee paid for cross-border remittances**  
Average fee, among those who paid percentage fees for cross-border remittances



**FIGURE 3B:**  
**Average dollar amount of the fee paid for cross-border remittances**  
Average fee, among those who paid fixed amount fees for cross-border remittances



**FIGURE 4:**  
**Average days recipient waited to receive and access the funds**  
Average wait time for recipients to receive and access funds by cross-border payment context



**4.7%**  
Average percentage cost of transactions

Nearly **one-quarter** of consumers who made online cross-border P2P payments **sent funds using cryptocurrencies.**

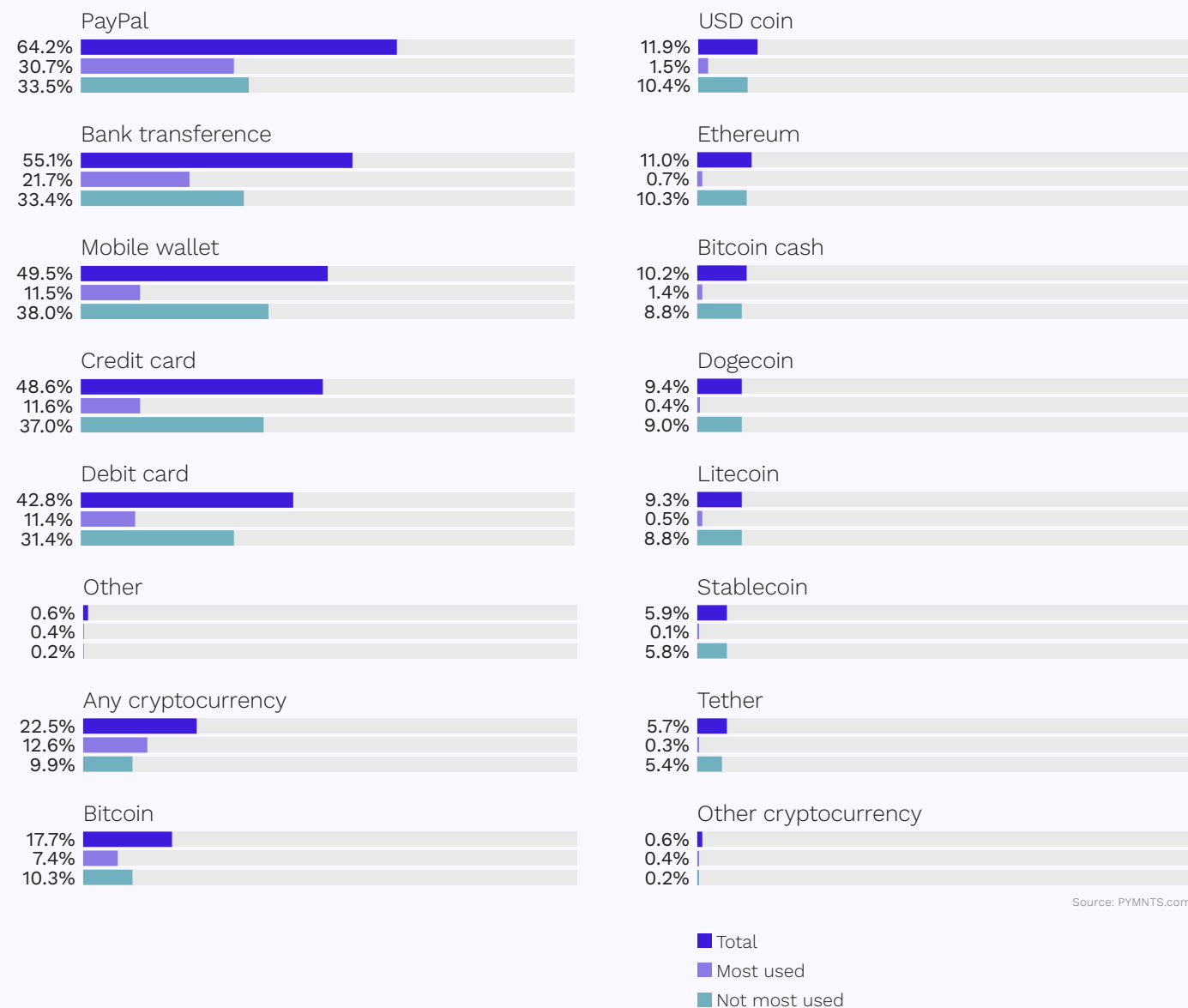
**W**hile cryptocurrencies are often viewed as an alternative investment or digital payment method popular with the financially adventurous, many consumers see them as a viable method to send money abroad to loved ones in need, and the flexibility of this payment method is driving its popularity. PYMNTS research finds that 23 percent of respondents — representing 8 million adults — who made online payments to friends or family in other countries used at least one kind of cryptocurrency. In fact, 13 percent of consumers surveyed say cryptocurrencies were their most used payment method for online cross-border remittances.

# 23%

Share of consumers making **cross-border online payments who used cryptocurrency**

Despite the rise in cryptocurrency use, PayPal, credit cards and bank transfers are the most frequently used payment methods for consumers sending these remittances online. Among those sending money online, 64 percent used PayPal, 55 percent made bank transfers and 50 percent used a mobile wallet option.

**FIGURE 5:**  
**Payment methods used for cross-border remittances**  
 Share of consumers using select payment methods for online cross-border remittances



**50%**

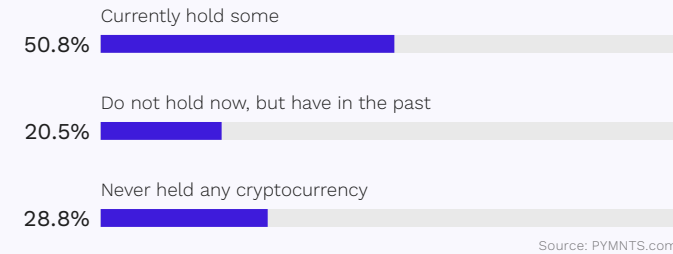
PERCENTAGE OF  
 ONLINE REMITTANCE  
 SENDERS WHO CHOSE A  
**MOBILE  
 WALLET**  
 OPTION



The majority of consumers sending remittances own cryptocurrency at about **four times** the rate of the **U.S. population as a whole.**

FIGURE 6:

**Percentage of consumers sending cross-border P2P payments who own cryptocurrency**  
Consumers' cryptocurrency holding status



# 51%

SHARE OF  
CONSUMERS  
SENDING  
REMITTANCES  
WHO OWN  
CRYPTOCURRENCY

Half of all consumers using remittance services own cryptocurrencies, and they also are the most active remittance service users. Fifty-one percent of consumers making cross-border P2P payments currently hold cryptocurrency, compared with approximately 12 percent of the general U.S. population. Nearly half of these consumers have purchased cryptocurrency for transactions of any kind. This is unsurprising, as consumers with a need to send funds quickly will likely favor options that allow them to transfer money instantly and fund their payments in a variety of ways convenient to them. As many consumers increased the frequency with which they sent funds overseas during the past year, the costs and speed involved in each transaction likely became more important.



Cryptocurrency users are frequent adopters of innovative payment methods like mobile wallets.

The decade-long shift in how consumers send money abroad, from in-person retail to digital options, has helped open new possibilities for consumers who send remittances but want an alternative to traditional forms of payment. PYMNTS research found that consumers who adopted the use of cryptocurrencies also tend to use other methods of cross-border payments transfer that remove friction from the payments process.

Consumers who use cryptocurrency to send their cross-border remittances are more likely to send them directly into a mobile wallet (46 percent). Mobile wallets, which offer instant contactless payments, provide the convenience and speed many consumers seek. By comparison, among consumers who send cross-border remittances and who have not yet used cryptocurrencies, mobile wallet use remains low. Only 30 percent of those who make bank transfer remittances send them to mobile wallets. Those who send bank transfers abroad, on the other hand, are the most likely to send these directly into another bank account (52 percent).

TABLE 2:

**Most common method for recipients to receive cross-border payments**

Most common method by which recipients receive these payments, by payment method used

	Directly into their bank account	Directly into a mobile wallet	Cash from an agent or retail location	Not sure	Other
Average	46.8%	30.1%	14.0%	8.5%	0.7
Bank transfer	52.3%	30.4%	11.2%	5.9%	0.1
Debit card	45.6%	33.1%	15.9%	5.3%	0.1
Credit card	45.3%	34.5%	14.1%	6.1%	0.1
PayPal	42.9%	36.9%	11.8%	7.6%	0.8
Mobile wallet	39.9%	41.4%	12.4%	6.2%	0.1
Cash	39.4%	32.3%	22.8%	5.3%	0.2
Cryptocurrency	34.9%	46.2%	12.3%	5.9%	0.7

Source: PYMNTS.com

# Consumers' brand trust levels drive their selection of P2P payment service providers (PSPs).

PYMNTS research finds that among all P2P payment choices, trust is the deciding factor in consumers' choice of a payment service provider (PSP). Fifty-six percent of consumers cite trustworthiness as a factor that would make them more likely to choose a specific provider. Consumers define trust in different ways. More than half of survey respondents say a recognizable brand name increased their level of trust when selecting a PSP for sending cross-border remittances (53 percent). Those consumers who used banks most often for remittances cared less about brand names when evaluating the trustworthiness of a PSP (41 percent). Other key factors in assessing the trustworthiness of a PSP include the perceived security of their transactions (47 percent) and their recipients' ability to receive funds on the same day (45 percent).

The availability of cryptocurrency payments and transfers has become a key motivating factor for some consumers as they select a PSP. As many as 24 percent of consumers say they would be motivated to choose a specific provider if receiving payments in cryptocurrency were available, and 22 percent would if

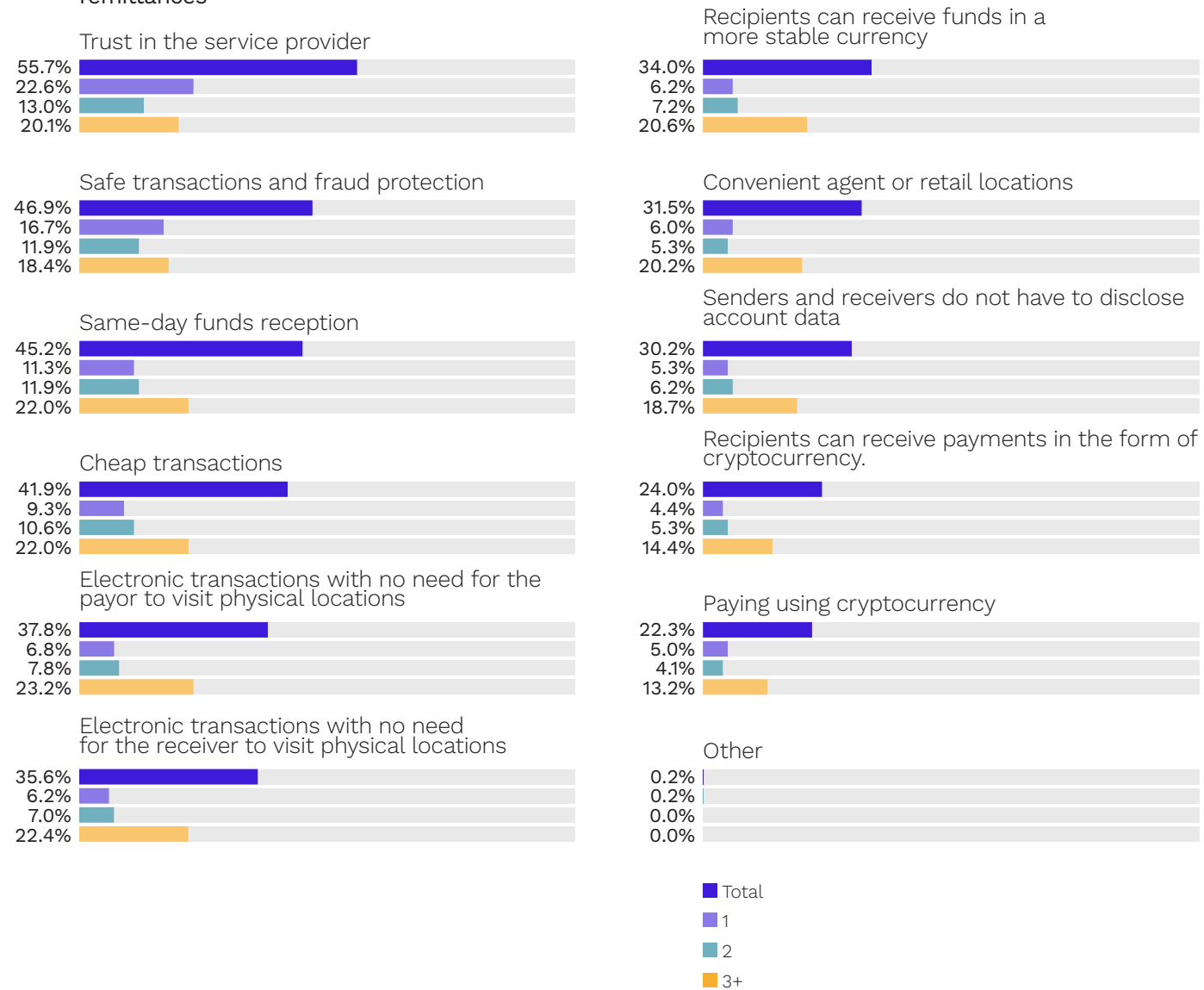
making payments in cryptocurrency were available. These percentages go up to 45 percent (receiving payments in cryptocurrency) and 50 percent (making payments in cryptocurrency) among those who already make cryptocurrency cross-border P2P payments.

## 24%

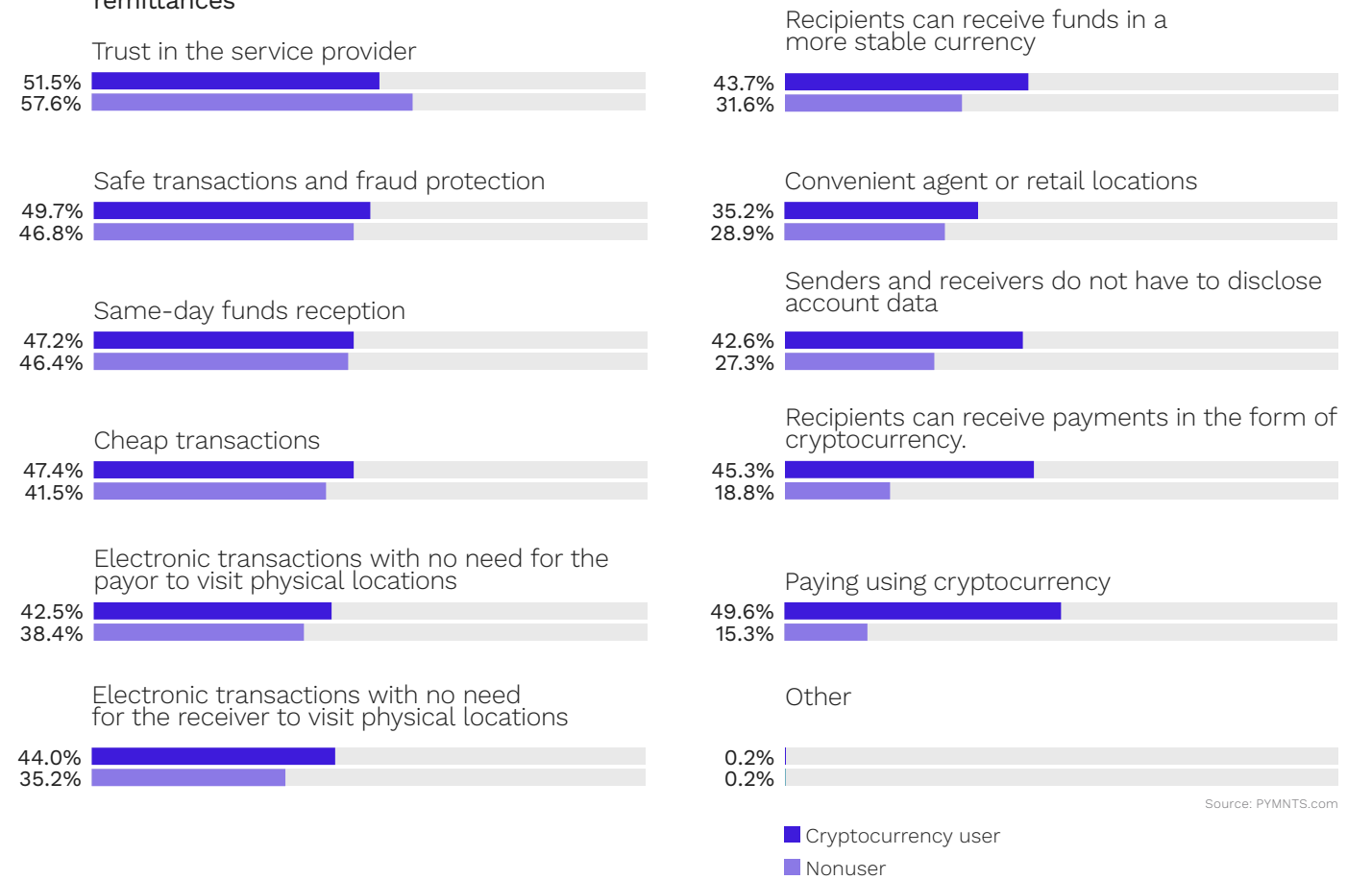
PERCENTAGE OF CONSUMERS WHO ARE MOTIVATED TO SELECT A REMITTANCE SERVICE BECAUSE IT **ALLOWS USERS TO SEND FUNDS IN CRYPTOCURRENCY**

**FIGURE 7:**  
**Factors that would make respondents more likely to choose a specific service provider to make cross-border remittances**

7A: Key factors, by cryptocurrency usage as a payment method for cross-border remittances



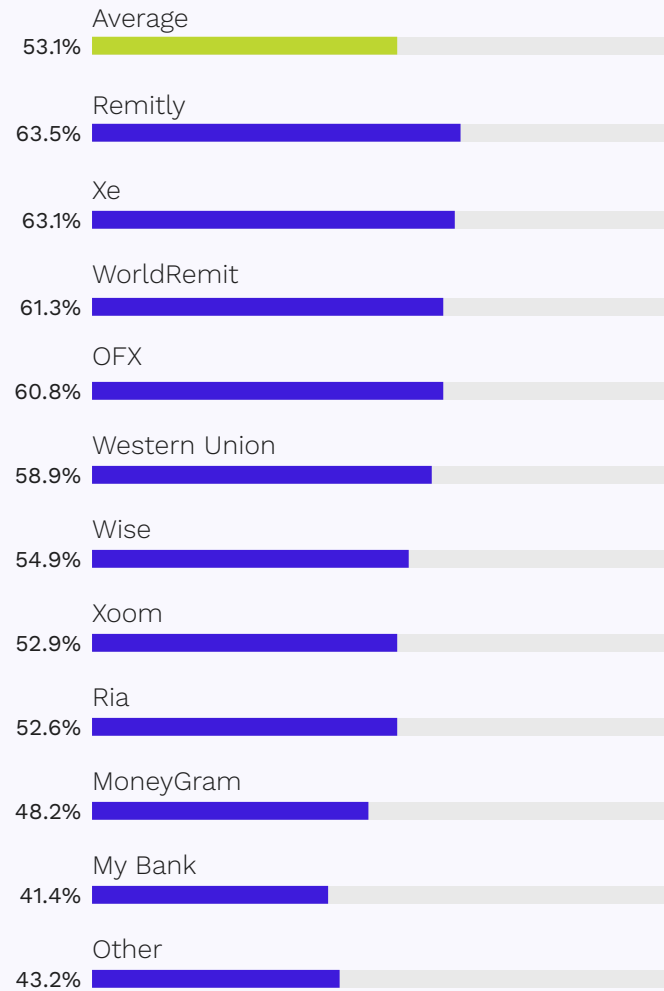
7B: Key factors, by cryptocurrency usage as a payment method for cross-border remittances, by cryptocurrency usage for cross-border remittances



Source: PYMNTS.com

**FIGURE 8:**  
**How brand names increase level of trust in cross-border payments**

Share of respondents who said the brand name of their most used service provider has led to a “very large” or “extreme” increase in their level of trust in the cross-border payment

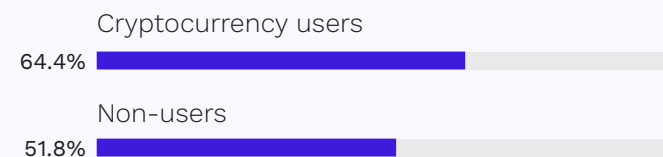


Source: PYMNTS.com

Among consumers who make remittance payments using cryptocurrency, trust in the brand name of their PSP matters. Nearly two-thirds of cryptocurrency holders see a significant increase in their level of trust in their cross-border payments because of the remittance service’s brand name, compared with 52 percent among non-users of cryptocurrency.

**FIGURE 9:**  
**Increase in level of trust by brand name of service provider, by cryptocurrency usage for remittances**

Increase in level of trust, by digital currency usage



Source: PYMNTS.com

**50%**

**SHARE OF SENDERS OF CROSS-BORDER CRYPTOCURRENCY REMITTANCES WHO REPORT THAT THE ABILITY TO MAKE PAYMENTS IN CRYPTOCURRENCY INSPIRES THEM TO CHOOSE A PSP**

# Conclusion

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PSPs seeking to provide more value in improved remittance services to consumers likely will find a ready audience. Fees are high, delays are significant and consumers are under pressure to find a payments solution that is swift, secure and frictionless. A large percentage of consumers sending remittances are doing so because of an urgent financial need of a friend or family member. Accordingly, many are shifting their routine payments activities to PSPs that allow them to send funds using cryptocurrencies, and many are using these digital payments to send

funds to a mobile wallet. Their reasoning may be as simple as the click of a button: cryptocurrencies can be sent instantly to a mobile wallet, and mobile wallets allow recipients to make contactless payments anywhere the currency is accepted. Convenience, security and trustworthiness are key determinants of consumers' choice of PSP for sending remittances. PSPs that offer the right mix of features — from same-day payments to data security — may gain an advantage as the market opportunity for seamless cross-border payments solutions grows.

# Methodology

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The Digital Currency Shift: The Cross-Border Remittances Report, a PYMNTS and Stellar Development Foundation collaboration, draws from a census-balanced survey of 2,079 U.S. consumers who made cross-border peer-to-peer payments, conducted between June 23 and July 12, 2021. Respondents were an average of 39 years old, and 41 percent were female. Also, 47 percent held college degrees and 48 percent earned more than \$100,000 in annual income.

# About

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### Stellar Development Foundation

[Stellar](#) is a decentralized, fast, scalable, and uniquely sustainable network for financial products and services. It is both a cross-currency transaction system and a platform for digital asset issuance, designed to connect the world's financial infrastructure. Financial institutions worldwide issue assets and settle payments on the Stellar network, which has grown to over 5 million accounts.

[The Stellar Development Foundation](#) (SDF) is a nonprofit organization that supports the development and growth of Stellar, an open-source network that connects the world's financial infrastructure. Founded in 2014, the Foundation helps maintain Stellar's codebase, supports the technical and business communities building on the network, and serves as a voice to regulators and institutions. The Foundation seeks to create equitable access to the global financial system, using the Stellar network to unlock the world's economic potential through blockchain technology.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at [feedback@pymnts.com](mailto:feedback@pymnts.com).

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