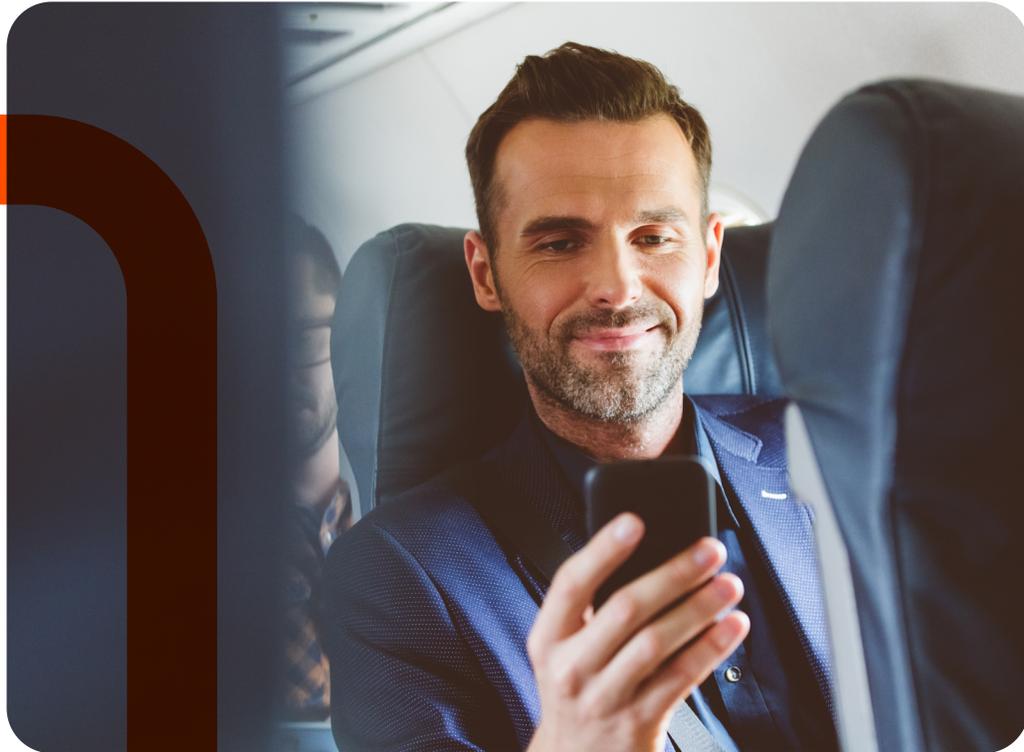


# Banks vs. fintechs: comparing modern global payments.





As businesses grow across borders, managing foreign exchange (FX), cross-border payments, accounts payable (AP), and expenses can get quickly complicated.

Currency swings, disconnected systems and manual processes often lead to hidden costs, delays, and risks.

Modern fintech platforms take a different approach. They consolidate domestic and international payments into a single system, offering tools like spot transfers, forward contracts and limit orders for FX, automated transfers, AI-driven invoice processing, and integrated expense management.

This shift isn't just about convenience. It's about visibility, lower costs and smoother day-to-day operations.

Below, we break down what to consider when choosing between fintech solutions and traditional banks.

## The legacy of traditional banks.

Traditional banks play a foundational role in the global financial system. They are trusted institutions with deep regulatory experience and long-standing relationships across markets. For many businesses, they remain a reliable choice for core banking needs, domestic payments, lending, and risk management.

When it comes to international payments, however, most traditional banks still rely on the correspondent banking network — a system designed decades ago to move money across borders by routing payments through intermediary banks.

This model is proven and widely accepted, but it wasn't originally designed with today's always-on, globally connected businesses in mind. As a result, cross-border payments and FX transactions can come with trade-offs such as:

- **Higher and less predictable costs:** Each intermediary bank may charge a fee, and FX margins are often built into the exchange rate rather than shown upfront. While this structure works well for established corridors, costs can increase significantly for less common currencies or lower-volume routes.
- **Longer settlement times:** International payments can take up to 5 business days<sup>1</sup>, or longer around weekends or public holidays, as funds move through multiple institutions.
- **Limited FX flexibility:** FX conversions are often reactive, with fewer self-serve tools for managing exposure. Without easy access to options like forward contracts or limit orders, businesses may find it harder to proactively manage currency risk.
- **Reduced visibility:** Tracking payments through multiple intermediaries can be challenging, and in some regions, access may be restricted due to regulatory requirements or de-risking decisions.

Fintechs take a different approach. They reduce intermediaries by building direct payment rails through local network partnerships, or using blockchain-inspired settlement. The result? Faster transfers, clearer fees, and integrated FX tools that help businesses stay in control.



## Security: How banks and fintechs really compare.

When it comes to money, security is non-negotiable. Let's take a look at how banks and fintechs compare:

**Traditional banks:** Offer government-backed deposit insurance providing automatic protection if the bank fails. They also have long-established controls around encryption, fraud monitoring, and regulation.

For example, in the US, FDIC provides up to \$250,000<sup>2</sup> in the US or equivalent elsewhere, UK's FSCS provides up to £120,000<sup>3</sup> for small businesses and individuals, and Australia's FCS provides up to AUD \$250,000<sup>4</sup> per account holder per authorised deposit-taking institution.

**Fintechs:** Most fintechs are not deposit-taking institutions. Instead, they typically operate as licensed Electronic Money Institutions or partner with insured banks for safeguarding. Customer funds are typically held in segregated (ring-fenced) accounts, separate from the company's own operational funds.

Reputable fintechs match banks on transaction-level security, and in some cases deploy controls more quickly due to modern, cloud-native infrastructure. Common protections include:

- Strong encryption (e.g. AES-256)
- Multi-factor or biometric authentication
- Real-time AI fraud detection
- PCI DSS compliance

While funds aren't always insured in the same way as deposits, fintechs often have provisions in place such as bank guarantees so that customers can access funds in the event that the fintech becomes insolvent.

### **Bottom line:**

Banks operate within longstanding regulatory frameworks, which may include deposit-protection schemes depending on the jurisdiction and account type. Fintechs, meanwhile, often focus on efficient payments and real-time transaction security, using advanced monitoring and alerting tools.



## How fintechs reduce admin with smarter automation.

While automation is a priority across the financial sector, research shows that how it's adopted and scaled differs greatly between traditional banks and fintechs.

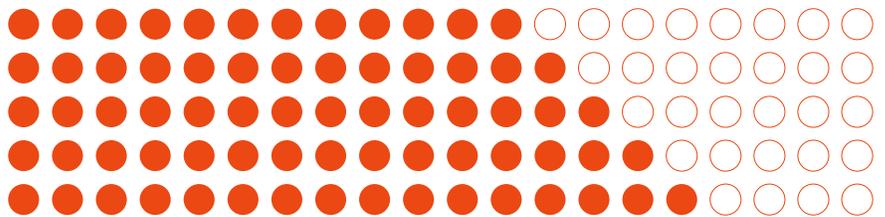
One study highlights this gap: although fintechs make up only around 40% of global financial services players, they account for nearly 70% of AI initiatives tracked between late 2022 and mid-2025<sup>5</sup>. This suggests fintechs are moving faster and applying automation more broadly across their workflows.

This difference isn't about intent. Traditional banks may add automation onto existing processes rather than designed in from the start.

Fintechs, by contrast, tend to redesign workflows end-to-end, allowing more straight-through experiences with fewer manual touchpoints. Where fintechs really excel is at streamlining AP and expense management through cutting-edge automation:

- **AI-powered optical character recognition (OCR):** Invoices (PDFs, emails, or scans) are automatically captured, data extracted with accuracy, and matched to purchase orders (POs), eliminating manual entry.
- **Intelligent workflows:** Custom approval routing, budget controls, and policy enforcement happen in real-time, reducing shadow spend and delays.
- **Integrated features:** Batch payments, early-discount capture, reconciliation automation, and real-time spend insights free teams from admin tasks.

According to OFX research, 94% of Australian SMBs using automated financial management processes report measurable gains, with over half citing faster reconciliations (51%) and nearly half reporting improved accuracy (49%).<sup>6</sup>



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## Choosing a secure fintech provider for accounts payable (AP) and card payments.

It's important to note that not all fintechs are created equal. A strong fintech combines bank-grade security with agile innovation that modern teams benefit from.

If you're looking for a provider, you may want to consider the points below.

- ✓ **Licensing and compliance:** Look for regulated status (e.g., EMI license, PCI DSS, ISO 27001) and transparent safeguarding/partnerships with insured banks.
- ✓ **Security features:** End-to-end encryption, token-based security (for cards), 3D Secure, real-time fraud monitoring, and adaptive authentication.
- ✓ **Integration and controls:** Seamless API connections to your ERP/accounting software, adjustable spend limits, virtual cards, and audit trails.
- ✓ **Track record:** Proven reliability, positive reviews, and experience with businesses like yours. Avoid holding excessive balances if insurance isn't pass-through.
- ✓ **Support and transparency:** Clear fee structures, dedicated support, and easy dispute resolution.



## Why the best approach is often a mix of both.

Smart businesses don't choose one over the other. They leverage both.

They lean on **traditional banks** for core treasury, large insured deposits, lending, and regulatory-heavy needs. Then look to **fintechs** for agile FX tools (forwards, limit orders), fast cross-border payments, automated AP/ expenses, and virtual corporate cards.

Many banks also now partner with fintechs (e.g., via BaaS platforms) to offer modern features. This hybrid approach delivers insured stability, plus cutting-edge efficiency, and improved costs, speed, and control.

## Embrace the future of financial operations.

Sticking with manual and outdated systems could lead to higher costs, slower payments and unnecessary risks.

**A unified fintech platform for FX, payments, AP, and expenses empowers businesses to protect profits, streamline operations, and scale globally with confidence.**

1. Papaya Global, 'How long do international bank transfers take?'
2. FDIC, 'Understanding deposit insurance'
3. FSCS, 'Deposit protection limit increase'
4. APRA, 'Financial claims scheme'
5. McKinsey & Company, 'Banking trends snapshot: How banks can catch up to fintechs on AI'
6. OFX research commissioned by Vitreous World, 'From manual drag to strategic finance'.

## Ready to turn global payments into a competitive edge?

Explore how one platform can consolidate your workflows, deliver strategic FX tools, and automate everything from invoices to approvals, securely and efficiently.

Get started →

