

eGuide

Cross-border payments: How to expand to the UK

About the research

Airwallex partnered with Statista to survey 1,000 cross-border eCommerce shoppers, defined as anyone who has shopped internationally in the last 12 months through any type of online shop, such as marketplaces or directly from a merchant's website. All respondents were based in the UK and completed the survey in January 2025. Our goal was to understand how shoppers in the UK purchase online when buying from another country. Our survey participants come from diverse backgrounds and age ranges, representing a typical sample of shoppers within the UK.

Some key findings from the survey include:

- The majority of shoppers in the UK are comfortable with making cross-border purchases online.
- Different generations vary in their online purchasing behaviour, with younger generations having a higher preference for digital payment methods and buy-now, pay later options.
- Frictionless checkouts are non-negotiable: Shoppers in the UK say that local pricing and familiar payment method options are some of the most important aspects during the checkout experience.

In our insights:

- Gen Z refers to those born between 1997–2012
- Millennials refer to those born between 1981–1996
- Gen X refers to those born between 1965–1980
- Baby Boomers refer to those born between 1946–1964

Digital payment methods refer to global eWallets (e.g. Apple Pay and Google Pay) and any further country-specific digital payment methods (e.g. Trustly, GrabPay, and Alipay). They exclude credit cards, debit cards, bank transfers, and buy now, pay later (BNPL) options.

All data referenced in this guide, unless otherwise stated, comes from this research.

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Payments: the lynchpin of your UK expansion strategy

If you're running an eCommerce business, expanding to the UK presents a major opportunity for you to increase sales. It's the largest eCommerce market in Europe, and it shows no signs of losing this title any time soon. The country's eCommerce industry was valued at US\$130 billion in 2024 and is set to grow by 46% to reach US\$189 billion by 2029. But capitalising on this potential means getting payments right from day one.

Our recent research in partnership with Statista shows that shoppers in the UK expect a fast, familiar checkout experience. Credit cards, debit cards, and digital payment methods like PayPal and Google Pay are the most widely-used payment methods. Buy now, pay later (BNPL) options such as Klarna are also gaining traction, especially for high-value purchases. But to turn every browser into a buyer, the most important factor is to offer transparent pricing in local Great British Pounds (GBP).

With the right payment partner, you'll be able to do business in the UK like a local. You can open a UK business account without having to set up an entity, accept payments via multiple payment options in local currencies, and settle payments in your preferred currency. You'll be able to do all of this without unnecessary foreign exchange (FX) fees while staying secure and compliant with local regulations.

What shoppers in the UK want

Despite Brexit and the initial import difficulties it caused, shoppers in the UK still have a strong appetite for foreign goods. 86% have made an international purchase online. Gen Z and Millennials lead the trend at 92%, but even Baby Boomers (79%) are open to cross-border shopping. China is the top source for UK cross-border purchases, followed by the US, and Germany.

Payment preferences vary, but convenience is key

Credit cards are the most popular online payment method for international purchases (57%), followed by digital payment methods (43%) and debit cards (42%). Younger shoppers favour digital payment methods and debit cards over credit cards, with 58% of Gen Z and Millennials preferring these options. BNPL is also on the rise, with 28% of younger shoppers choosing it as their preferred payment method versus 11% of Gen X and Baby Boomers. Luxury shoppers are particularly drawn to BNPL, with 31% using it compared to 20% of other product categories. To drive conversions, you need to offer trusted local payment options and clear GBP pricing to remove uncertainty at checkout.



58%

Gen Z and Millennials prefer digital payment methods and debit cards over credit cards.

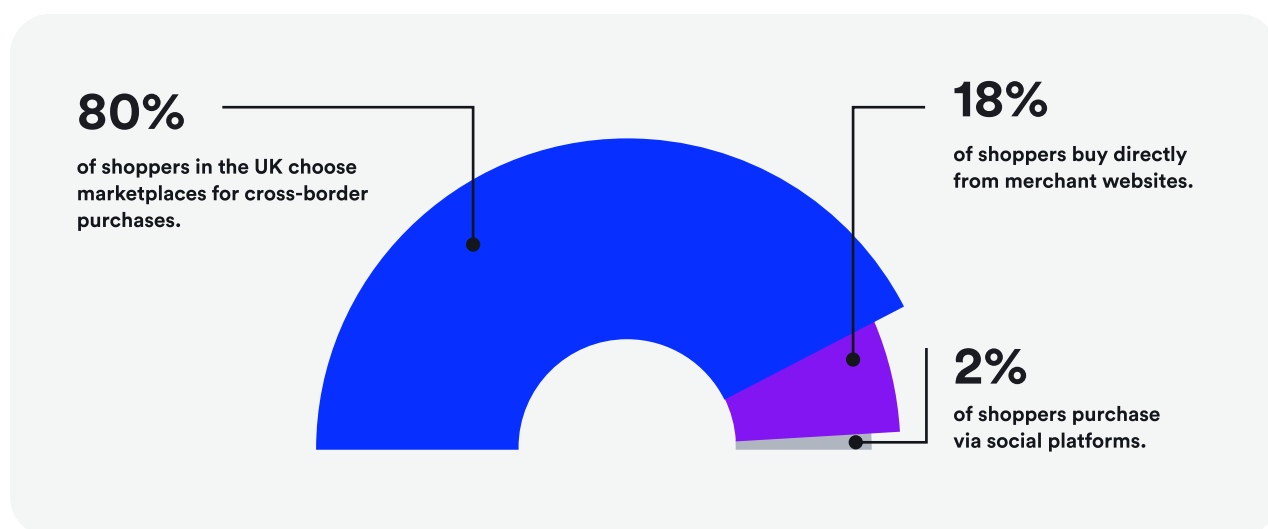


28%

of younger shoppers choose BNPL as their preferred payment method.

Marketplaces continue to dominate, but direct purchases are growing

Shoppers in the UK overwhelmingly prefer marketplaces like Amazon, eBay, and Etsy, with 80% choosing these platforms for cross-border purchases. However, 18% now buy directly from merchant websites, showing a growing appetite for independent brands. Social media plays a much smaller role in UK eCommerce, with just 2% of shoppers purchasing via social platforms.



Seasonal sales drive purchasing decisions

Shoppers in the UK plan their purchases around major sales events, with Black Friday, Boxing Day, Cyber Monday, New Year's Sales, and Valentine's Day ranking as the biggest shopping moments. Almost half of shoppers in the UK time purchases around key holiday sales, with this number rising to 68% among Gen Z and Millennials. Running promotions during these peak periods can significantly boost your sales.

A fast, mobile-friendly checkout makes all the difference

More than 90% of shoppers in the UK say that transparent pricing in GBP, the option to pay with preferred payment methods, and visible security badges are essential. Mobile-friendliness is particularly important for younger shoppers, with 92% of Gen Z and Millennials rating a mobile-friendly checkout as important, compared to 67% of Baby Boomers. And if BNPL isn't available, 44% of younger Gen Z and Millennial shoppers will go to another site to find it.

The UK presents a huge opportunity for your online business, but gaining consumer trust and navigating local regulations are essential to success. Partnering with a platform like Airwallex can ease many of these challenges. By enabling straightforward checkouts with access to local payment methods and transparent pricing in GBP, Airwallex helps businesses cater to UK shopping preferences while optimising for conversions and keeping costs under control.

The essentials: tax and compliance in the UK

Before you start selling into the UK, you'll need to understand the local Value Added Tax (VAT) rules, consumer protection laws, and data regulations. VAT applies to all imports, but collection depends on the order value and sales channel. If selling directly to UK customers, you may need to charge VAT at checkout and remit it to His Majesty's Revenue and Customs (HMRC). If selling through an online marketplace, your platform will usually collect VAT on your behalf. And if your annual UK sales exceed the prevailing VAT threshold in a 12-month period, you'll need to register for VAT. Below this amount, it's optional but can help with compliance.

The customer is definitely king in the UK, which has strict customer protection laws in place. The UK GDPR, the UK's version of the EU's General Data Protection Regulation, applies to any business handling UK customer data, even if based outside the region.

Processing payments in GBP helps build credibility with UK customers, but opening a UK bank account can be slow and complex without a local presence. Airwallex makes it easy by providing accounts to send, receive, and hold funds like a local business would.

How Airwallex helps you stay compliant

Airwallex Business Accounts simplify your financial operations as you expand to the UK, whether you decide to set up a UK entity or not. When you open a GBP currency account, you'll be able to send, receive, and hold funds in GBP, just like a local business would.

Built-in security	Airwallex meets international compliance standards like PCI DSS and SOC 2 to protect financial data and customer transactions.
Tax-ready financial tools	Sync with accounting platforms like Xero and QuickBooks to help you categorise expenses and generate financial reports.
Licensed and regulated globally	Airwallex is licensed and regulated globally, including by the Financial Conduct Authority (FCA) in the UK.
Unified reporting system	Airwallex consolidates and standardises transaction and settlement data across all payment methods, helping you maintain control and compliance.

Localise the checkout experience

Localising the checkout experience with local currencies and payment methods improves conversions and reduces cart abandonment. If you integrate with the right payment partner to offer the major international card schemes (Visa, Mastercard), you can cater to the majority of the population's payment preferences. It's also important to offer digital payment methods like PayPal and Apple Pay – for younger shoppers, they're even more popular than credit cards. And don't forget to display your prices in local GBP to maximise conversions.

In our recent survey, we found that:

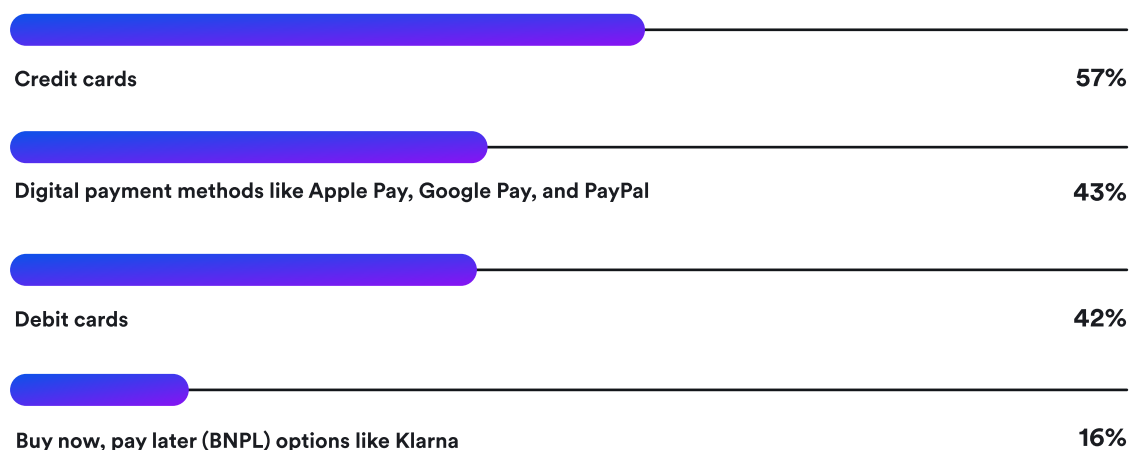
95%

of shoppers in the UK say seeing prices displayed in GBP influences their decision to make a purchase.

95%

also said that the ability to pay using their preferred payment methods like credit cards or digital payment methods was the most important aspect of the checkout experience.

Payment methods preferred by shoppers in the UK when purchasing from abroad:



How Airwallex localises the checkout process

Airwallex offers no-code, low-code, and fully-customisable APIs that give you access to:

Major card schemes and 160+ local payment methods

These include popular options like Visa, Mastercard, and PayPal as well as local ones such as Trustly to help you drive a higher checkout conversion rate. Direct connections to major card scheme networks optimise payment success rates.

BNPL options

Drive higher average order values and checkout rates by offering options such as Klarna and Clearpay.

Automatic currency conversion and pricing display

Customers see exact costs in GBP at checkout.

Save on payment processing costs

Cross-border payments often come with currency conversions and transfer fees, which can quickly add up. Here's how you can minimise these costs and maximise your bottom line:

1. Look for market-leading FX rates

One of the most significant hidden costs of cross-border payments is the markup on foreign exchange (FX) rates. Many providers add a margin to the mid-market “interbank” rate, which is the rate banks use to trade currencies with one another. These markups can inflate costs without being immediately obvious.

2. Save on conversion costs with like-for-like settlement

Holding and settling payments in the same currency can eliminate unnecessary FX conversions. For example, if your business has both revenue and expenses in GBP, using a provider that offers multi-currency accounts can allow you to make and receive payments in GBP. This feature avoids conversion fees and shields you from the impact of fluctuating exchange rates.

With like-for-like settlement, you can avoid FX conversions at these key points in the payment process:

1

At the point of sale when your customer pays in a different currency than your default currency.

2

When you transfer funds out of your payment platform to your merchant account in a different currency.

3

When you pay international suppliers and need to convert currencies again.

3. Choose providers with competitive fees

Cross-border payments typically incur initiation and receipt fees, as well as surcharges from any intermediaries involved. Modern fintech platforms, like Airwallex, build their own payment infrastructure. This model is more cost-efficient and allows for transparent pricing structures and faster processing times.

How Airwallex saves on costs

Competitive FX rates

Get market-leading FX rates on 60+ currencies, avoiding inflated margins, so you can keep more of your revenue.

Multi-currency accounts for like-for- like settlement

Accept and hold funds in their original currency, such as GBP, and use the same balance to pay suppliers without unnecessary conversions or fees.

Transparent pricing and faster settlements

Benefit from cost-efficient international payments and improved cash flow when you can make and receive payments faster.



“Airwallex provides us with flexibility and cost savings in dealing internationally. We used Airwallex to receive our recent global fundraising round and pay international suppliers and are saving at least 5% per dollar transferred versus the big banks.”

George van Dyck, Finance Manager, Zoomo

Drive higher conversions

By using the right tools and strategies, you can reduce failed transactions, improve authorisation rates, and maximise your revenue potential.

Use machine learning to optimise success

When assessing payment providers, check that they incorporate machine learning (ML) technologies. ML-powered optimisation engines analyse transaction data in real time. They then use this data to improve acceptance rates and reduce failed payments.

Another ML-driven tool, automatic retries, can increase sales conversions by reattempting failed payments. This feature is especially important for reducing payment failures caused by technical glitches or temporary card declines.

Reduce checkout friction

Features like autofill, saving payment details for repeat purchases, and guest checkout options instead of having to create an account, make the checkout experience faster and more intuitive. On top of that, displaying progress indicators during checkout can help reduce uncertainty and keep customers engaged.

How Airwallex drives conversion rates

Advanced machine learning tools

Airwallex's checkout optimisation engine and smart 3D Secure (3DS) strategies increase transaction approvals by keeping fraud low. Automatic retries help by reattempting payments when errors occur.

Direct connections to card networks

Reduce reliance on third parties to improve authorisation rates and reduce processing costs.

Higher approval rates

Features like tokenization and optimised messaging improve how payments are processed to reduce errors and false declines.

Better checkout experiences

With automatic currency conversion and access to local payment methods, shoppers see prices in their own currency and can use familiar payment options.

Build trust with secure payment experiences

Checkout security is a top priority for customers. 90% of shoppers in the UK rank visible security badges as one of the most important features of any checkout experience. Putting strong security measures in place can ease those worries, help you build trust, and encourage repeat purchases.



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Prevent fraud

Preventing fraud is the first line of defence for businesses handling cross-border payments. Modern payment platforms leverage machine learning and artificial intelligence (AI) to create intelligent security networks that analyse transaction patterns in real time. This technology helps identify and flag suspicious activities before they escalate.

Dynamic fraud prevention features, such as 3D Secure (3DS), perform security checks based on risk level. Low-risk payments are processed quickly, while higher-risk transactions receive extra scrutiny to prevent fraud.

Comply with data privacy laws

If expanding your business to the UK, you'll have to comply with the General Data Protection Regulation (GDPR). The GDPR grants individuals extensive rights over their personal data and requires businesses to be transparent about how they use this information. To remain compliant, make sure you implement clear privacy notices, enable customer data access and deletion options, and maintain robust security measures. It's also a good idea to seek legal advice.

Key security features:



3D Secure authentication provides a strong layer of protection for online card transactions.



Secure Sockets Layer (SSL) certificates encrypt data during transmission to maintain confidentiality and integrity.



PCI DSS compliance ensures that payment card information is handled securely.



Visible trust badges at checkout reassure customers that their data is safe.

It's a good idea to make your security measures visible, so your customers feel confident about completing their purchases.

How Airwallex maintains security

Airwallex takes care of all of these complicated security and compliance matters for you with:

Fraud prevention

Fraud detection engines built on machine learning and artificial intelligence protect against online fraud while reducing instances of false alerts to keep payments moving for genuine customers. Features like 3D Secure authentication and risk-based checks add extra layers of protection where needed.

Regulatory compliance

Airwallex meets global standards like PCI DSS Level 1 and SOC 2 and ensures your business complies with UK laws, including the General Data Protection Regulation (GDPR).

Data protection

Encryption technologies like Transport Layer Security (TLS) v1.2 and Advanced Encryption Standard (AES256) keep customer information safe during transmission and storage.

Optimise cash flow

Managing cash flow effectively lets you cover operational costs, invest in growth, and stay agile in a competitive market. But when you expand to new markets, managing multiple local entities and payment solutions as well as FX and transfers can all complicate your operations. These hurdles can eat into your margins and slow your growth. If you're a growing business, you'll know how critical it is to maintain efficient cash flow to cover things like supplier and ad spend.

Simplify financial processes

To stay efficient, focus on streamlining your financial systems. A simple, consolidated approach makes it easier to manage cash flow and plan for growth.

Key steps include:

- Matching income and expenses to avoid cash gaps
- Consolidating financial data to track transactions in real time
- Minimising costs associated with cross-border payments and currency exchanges

Gain clarity with real-time insights

Juggling multiple currencies and payment systems can lead to delays and errors in tracking your cash flow. Real-time financial insights give you the visibility you need to stay in control.

When you have a clear picture of your finances, you can:



Spot potential issues early and address them quickly



Identify cost-saving opportunities or inefficiencies



Make informed decisions to support your goals in the UK market

How Airwallex can improve your cash flow

Airwallex lets you quickly and cost-effectively manage all financial operations on a single platform.

Real-time financial insights

Consolidate and view all your financial transactions, balances, and cash flow across all payment methods in a single dashboard, so you can make informed financial decisions quickly.

Automated reconciliations

Automatically sync with platforms like Xero and Quickbooks to save time on bookkeeping.

Increased liquidity

Receive and spend funds on a single platform with no or low transfer and FX fees. 95% of transfers go through local payment rails and arrive within the same day.



"I see Airwallex as a one-stop shop for payment acceptance, global payouts, and so much more. Here's how I'd put it to other businesses: You can start in one place with Airwallex, and then you can grow."

Daven Johnson, Founder & CEO, Gimme Swag

How Karst Stone Paper expanded globally

Karst

Karst Stone Paper is redefining paper for the 21st century with recycled stone paper sketchpads, notebooks, treeless pencils, pens with sustainable ink refills, and other eco-friendly alternatives. The small, Sydney-based company launched in 2017. It attracted 10,000 customers in its first six months and has continued to grow approximately 50% year-on-year since then. Today, Karst has expanded to serve more than 60,000 customers in 90 countries. Let's take a closer look at how they made it happen.

Karst Stone Paper faced major hurdles in handling global payments. High transfer fees, tricky currency conversions, and the absence of a streamlined financial management system were real roadblocks to the business' growth. It was clear that to grow and expand the customer base, the team needed to address these issues head-on.

Karst took a step forward by partnering with Airwallex to tackle these hurdles. Here's how Airwallex's solutions helped it expand cross-border:

Global payment acceptance

Airwallex's quick and secure online checkout has broadened Karst's reach to accept payments in 180+ countries via 160+ local payment methods, bringing in more wholesale and distribution clients and boosting customer satisfaction and loyalty.

Multi-currency accounts

Karst can now accept payments in local currencies straight from customers and partners all over the world. For instance, a customer in the US can pay Karst in USD, which Karst can then use to pay a US-based supplier, avoiding unnecessary currency conversions.

FX & Transfers

Karst managed to save 10% on transfer fees by sidestepping extra currency exchanges. By handling local currencies more efficiently, they've been able to reduce costs.

Corporate Cards

Using Corporate Cards across various departments has simplified the payment process, cut down reconciliation time, and boosted financial integrity.

Partnering with Airwallex has been key to driving Karst's cross-border expansion. A single integration with Airwallex has given its global customers options to pay in local currencies and preferred payment methods at checkout. At the same time, Karst remains secure and compliant with local regulations wherever it operates, while being able to streamline its end-to-end financial operations all on one platform.

10 Top tips

Market expansion experts share their top tips

Understand individual market trends



Wilson Ng

Mid-Market Lead at
Google Customer Solutions,
Hong Kong

“Consumers are expected to continue to spend despite inflationary pressures. To drive sustained, profitable growth and resonate with increasingly savvy online consumers, businesses will need to understand individual market trends. Globally, the path to purchase has grown more complex, with 60% of consumers in surveyed markets now taking six or more actions before deciding to buy a brand or product that's new to them.”

Chart your path for long-term growth



Anthony Leung

Managing Director at
FedEx, Hong Kong and
Macau

“While the world remains uncertain, the demand for eCommerce businesses continues to grow. Expanding globally offers a path to new opportunities and customer connections. From parcels to freight, it's important to look for a one-stop-shop like FedEx for reliable global delivery and smart digital solutions to streamline supply chains and grow your business cross border.”

Take a global mindset from day one



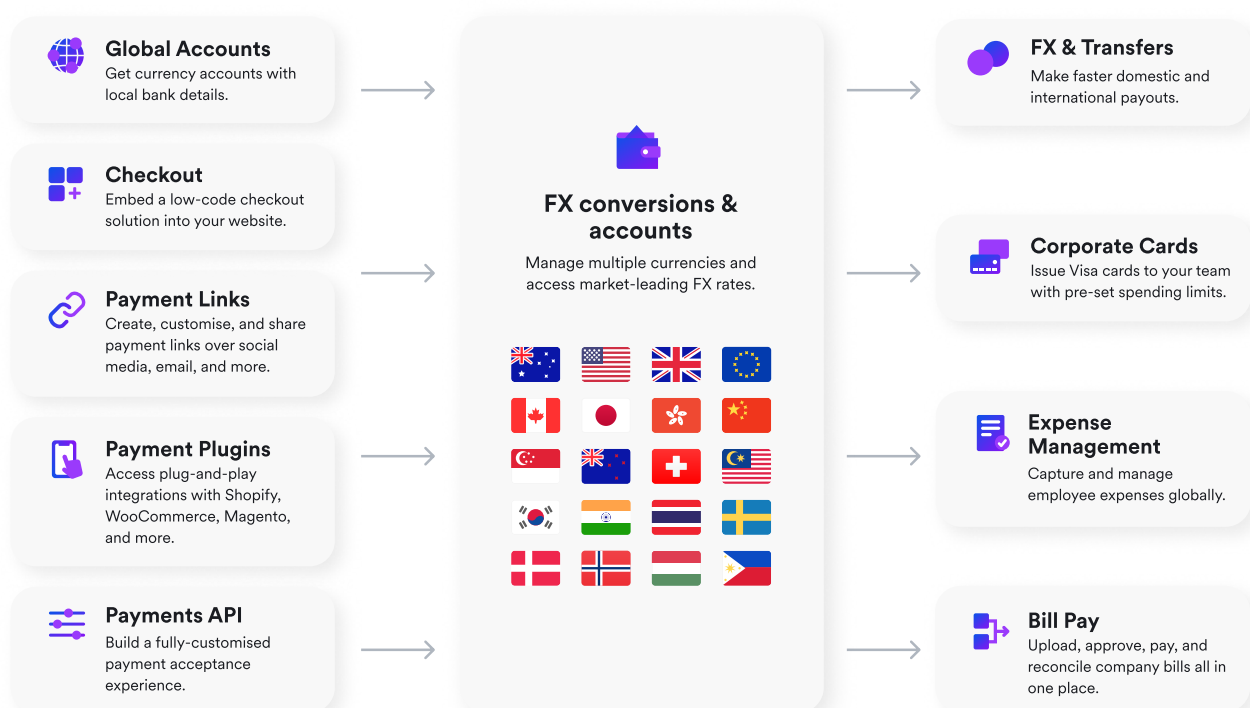
Immy Spence

Vice President, Commercial,
UK at Airwallex

“Global eCommerce is constantly shifting. With more businesses expanding into new markets like Southeast Asia, Latin America, and the Middle East, your next cross-border opportunity might just be around the corner. My top advice is to partner with providers that are built to be global from day one to truly future-proof your business.”

How Airwallex can help you expand to the UK

A key part of your UK expansion is being able to make and receive payments like a local. You need a partner that supports your end-to-end financial operations – it should let you accept, hold, and transfer funds from one platform. You'll also need to offer customers in the UK quick and familiar ways to pay, whilst remaining secure and compliant. Here's where you can partner with us.



Gain global reach

Expand your customer base and streamline operations with Airwallex's global payment infrastructure, designed to connect you to customers in 180+ countries.

- **Access major credit card schemes and 160+ local payment methods:** Offer popular options such as Visa, Mastercard, and PayPal to meet the needs of shoppers in the UK and maximise your checkout conversion rates.
- **Multi-currency payment acceptance:** Accept payments in 130+ currencies including GBP. Display prices in your customer's local currency to create a familiar payment experience and boost trust.
- **Global Accounts with local bank details:** Open accounts with local bank details, including a GBP account, to receive payments as if you were a local business in the UK.

Save costs

Airwallex reduces the costs of cross-border payments, helping you improve your margins.

- **Market-leading FX rates:** Save up to 80% on foreign exchange fees with competitive mid-market exchange rates.
- **Like-for-like settlement:** Eliminate unnecessary currency conversions by receiving, holding, and spending funds in EUR.
- **Transparent pricing:** Avoid hidden fees on transfers and payments, with clear, predictable costs for all your financial operations.

Optimise payment success

Ensure your payments go through smoothly with advanced tools to improve authorisation rates and minimise failed transactions.

- **Machine learning-powered optimisation:** Maximise payment success rates with tools like optimised messaging and smart retries that reduce technical declines.
- **Advanced fraud detection:** Protect your business with real-time fraud detection systems that block suspicious activity without disrupting legitimate payments.
- **Direct connections to card networks:** Route transactions through card schemes without having to rely on third parties.

Maintain security and compliance

More than 150,000 businesses trust Airwallex to process over US\$100 billion in global payments annually.

- **Secure funds:** Funds are held in leading financial institutions and safeguarded in line with the local regulations where Airwallex operates.
- **Security controls:** Airwallex security controls are monitored 24/7 to keep your account safe.
- **International standards:** Airwallex meets the highest international security standards, including PCI DSS, SOC 1, and SOC 2, as well as local regulatory requirements.
- **Licensed and regulated:** Airwallex is licensed and regulated by various financial authorities globally, including the Financial Conduct Authority (FCA) in the UK. This means it's obligated to follow strict security protocols.

It's easy to get started

The first step to making and receiving payments like a local is opening a Business Account on Airwallex – no trip to the bank or complicated paperwork needed. Combined with our payment solutions, you can boost your checkout experience. Create, share, and customise no-code Payment Links, or use our plug-and-play integrations to expand your breadth of payment methods on platforms like Shopify, WooCommerce, Magento, and more. Alternatively, embed a low-code checkout solution on your website or customise your own solution with our Payment APIs.

About Airwallex

Airwallex is a leading global financial platform for modern businesses, offering trusted solutions for global payments, treasury and expense management, and embedded finance. With our proprietary infrastructure, Airwallex removes the friction from global payments and financial operations, allowing businesses of all sizes to unlock new opportunities and grow beyond borders. Proudly founded in Melbourne, Airwallex powers over 150,000 businesses globally and is trusted by brands such as Brex, Rippling, Navan, Qantas, SHEIN, and many more.

For more information, visit www.airwallex.com.

