



Competition And International Opportunities



McKinsey research finds that 10% to 40% of bank revenues (depending on business line) could be at risk from financial technology (Fintech) players by 2025. That is just 8Ys from now and it indicates community banks will need to keep refining the business model and adapting to customer demands in order to maintain a strong foothold.

Certainly, competition is on the top of everyone's mind these days, as it seems to be coming from everywhere. One way to manage competition is to broaden your target market - even outside US borders. These days, many small business clients have or are already looking abroad for business opportunities.

The Wall Street Journal recently reported that robust Q1 earnings for many companies were due to their international growth. Companies with more overseas activity anticipate their earnings growth to be more than twice that of companies with mostly domestic business. This fact could certainly prompt eager business owners to engage in overseas markets.

Grow with Your Customers - As your customers grow their business, you will want to grow with them. According to a recent survey of US business executives, 81% said that the international side of their business will become more significant over the next year. Begin by asking your customers if they are selling goods or services to overseas customers already. If not, entering into foreign markets may be a rewarding opportunity for your business customers and your bank.

Seek out Customers with Global Potential - It has been suggested that there are certain traits that lead companies to success overseas. It may help to be mindful of these traits as you discuss expansion and future business opportunities with your customers. A few of these traits include: a keen understanding of their vital metrics, a high affinity for all growth prospects, good overseas connections and having web-based products. In conversations with your business customers, think about these traits and be aware of any other indications of international business potential.

Advise Your Customers - It is not always understood, but doing business in the local currency is the best way to do international business. The US dollar is sometimes seen as the "king of currencies" but that will not always help your customers with their bottom line. Even if the exchange rate is favorable for your customer, their overseas vendor will be sure to recoup their additional exchange rate costs in the pricing. This could deem your customers uncompetitive and lose business, if they are exporting and deem them cumbersome and potentially damage the relationship, if they are importing. Providing guidance on how best to work with international partners will make your customer happy and your relationship stronger.

Accenture research finds 36% of global bank customers are extremely satisfied and 30% even feel loyal to their financial provider. We know this number is even higher for your customers because you are a community bank and that gives you additional opportunity. Your business customers may not know your bank can help them with comprehensive international services, but you easily can.

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