



Helping Small Businesses Go International

small business international

Summary: Small businesses are increasingly doing business across international borders, and in need of international banking support. We discuss how CFIs can best serve their customers' cross-border banking needs and stay ahead of the competition.

Stretching for 5,526 miles, the border between the US and Canada is the longest international land border in the world. [Canada is also the US' biggest international trading partner](#): a staggering \$664B worth of goods moved between the two countries in 2021, even with travel restrictions in place.

Doing business across borders — whether physically or digitally — is becoming increasingly important for small businesses. [As we highlighted last November](#), the majority (91%) of US and European small business owners feel cross-border commerce is a moderate to high priority, with 48% saying it's critical to keep up with the competition.

Essential International Payment Solutions

Of course, businesses expanding overseas require international banking support. This means community financial institutions (CFIs) need to be able to offer their small business customers guidance, technological capabilities, and certain key cross-border services.

- **International wire transfers** or payments, also known as foreign wire transfers, form the backbone of cross-border transactions. Being able to help your customers electronically transfer funds to different countries around the world quickly and securely is essential to supporting them in any international business efforts, particularly for those dealing in e-commerce.
- **Foreign exchange forward contracts** can provide your small business customers with protection against the risk of fluctuating exchange rates, while providing your institution with additional fee income. By offering this service, customers can lock in exchange rates at a future date when buying or selling currency. Aside from helping them to manage risk, these contracts can help small businesses plan for future transactions with foreign suppliers and customers.
- **Letters of credit**, through which your institution guarantees that a supplier will receive payment from your business customer for the correct amount and on time, are particularly important for international trading. They can provide greater security and trust for both buyers and sellers.
- By offering **foreign check clearing**, you can help businesses easily clear US dollar and foreign currency checks on a cash letter or clean collection basis, making it easier for them to clear incoming international payments.
- **Currency exchange services** are useful for those customers that need to travel abroad for business, as they may want to have some local cash in hand.

Staying Ahead of the Competition

With many fintechs, neobanks, and other financial institutions offering increasingly seamless cross-border payments solutions, CFIs need to ensure they're exceeding their customers' expectations in this area. If not, there's a chance they'll move to a competitor who offers the services you're lacking.

According to a 2022 Mastercard report based on a survey of over 3,074 small businesses, there are several ways in which institutions can ensure their cross-border payment solutions support their customers’ needs.

- **Enhanced transparency** about your fees and process, how much transfers will cost, and the exact amount that will be received. A shocking 39% of small businesses surveyed reported having no transparency about fees for foreign payments.
- **Security measures**, as many small businesses worry about fraud when it comes to cross-border transactions, knowing that their financial information is secure is essential.
- **Reduced costs**, such as lower transfer fees and/or better exchange rates compared to other providers.
- **Ongoing communication**, so that businesses can track the status of their payments in real time and know when money has been safely received. Initiatives such as SWIFT gpi can allow a CFI to offer their business customer more visibility regarding a payment’s status.
- **Efficiency and reliability** to ensure funds are transferred quickly and without hassles.

Offering cross-border payment facilities — whether in-house or through a correspondent bank — should enable CFIs to support their small business customers to expand internationally, grow their ecommerce business, and work with suppliers around the world. Providing secure, efficient, reliable, and transparent services can help deepen long-term customer relationships, attract new business customers, and increase an institution’s fee income.

If you’d like to offer international services to your small business customers, PCBB provides a [full suite of international services](#) that includes all those listed above, and even more payment options to help your small business customers expand their markets outside the US. To ensure our customers remain competitive, we make investments to keep up to date with industry and technology advancements, like FedNow and SWIFT gpi.

DISCONTINUATION OF FEDGLOBAL® ACH

Your CFI doesn’t have to be impacted by the [discontinuation of FedGlobal® ACH Payments Services](#) to Canada and Europe. PCBB offers a variety of [foreign payments services](#). Visit our website to learn more and call your relationship manager to get started.

ECONOMY & RATES

Rates As Of: 03/23/2023 05:38AM (GMT-0700)			
Treasury	Yields	MTD Chg	YTD Chg
3M	4.79	-0.09	0.37
6M	4.95	-0.22	0.19
1Y	4.46	-0.54	-0.24
2Y	3.97	-0.85	-0.46
5Y	3.55	-0.64	-0.46
10Y	3.49	-0.44	-0.39
30Y	3.70	-0.22	-0.27
FF Market	FF Disc	IORR	
4.58	4.75	4.90	
SOFR	Prime	OBER	
4.55	8.00	4.57	

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.