



What International Business Customers Want From Their Community Bank

By Earl Charneske, SVP & Midwest Regional Manager for PCBB

While the coronavirus had originally affected international trade, it seems to be normalizing to an extent. So, it could be a good time for community banks to prepare to serve those customers with international trade business.

Firms that import or export goods want banks to have an understanding of their particular businesses along with dedicated expertise in international trade. Proficiency in just one or the other may not be enough.

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International presence in multiple markets. These companies will likely choose financial institutions that can facilitate international trade deals. This means unless an entrepreneur can choose a community bank with a direct presence in all international markets to which they intend to export their goods, a correspondent bank relationship is vital.

Full-service expertise. These same customers want holistic banking relationships. They want to rely on a single financial institution to fill as many of their needs as possible and to reap the benefits of readily available international services tailored to their specific circumstances.

To start, importers will want their financial institutions to offer a variety of products and services designed to ease international trade. A community bank might add value to import/export transactions by **matching purchase orders against invoices** and settling the transaction between buyer and seller. The transaction can then be reviewed and a receivables program can be used to offer financing.

INTERNATIONAL BUSINESS CLIENTS ALSO APPRECIATE FINANCING THAT HELPS THEM OFFER MORE AGGRESSIVE TERMS AND MANAGE CASH FLOW.

International business clients also appreciate financing that helps them **offer more aggressive terms and manage cash flow**, especially important in this competitive marketplace.

Faster international payments. Faster international payments are also vital these days. Being able to quickly make payments and receive funds is critical when businesses are tightly managing their cash flow. One recent innovation in faster payments is a global payments initiative from the Society for Worldwide Interbank Financial Telecommunications, called SWIFT gpi. SWIFT gpi allows you to send and receive funds fast and securely worldwide for your international customers, with full transparency. Forty percent of payments sent through the

SWIFT gpi network are credited within five minutes.

Managing risk. Customers also benefit when their community banks work with counterparties to manage risk. The Export-Import Bank of the United States (EXIM) is a clear candidate, but it's not the only choice. The US Small Business Administration may provide export support on deals that EXIM declines to handle. Private-market insurance companies are sometimes willing to take positions in trade finance, as are non-governmental investors, such as insurance companies and pension funds too.

As a correspondent bank, we can make it easy for you to support your customers with international services, including SWIFT gpi. If you would like to continue the discussion or need additional information, contact Earl Charneske.

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