



International Payments To Grow Your Customers

by Steve Brown Topics: [international](#), [payments](#), [business customers](#)

Summary: McKinsey reports that more people and entities will regularly use international payments in the next 5Ys. Is your institution ready for this?

These days, people often look to the internet to search for health related ailments. In fact, Pew Research finds 80% of people say they have searched for a health related topic online, looking mostly for information on a specific disease/problem (63%) or treatment/procedure (47%).

No matter what you look for today on the internet, one area that can pay off for your bank could be international payments. This is one area where, for many years, the biggest banks have captured and retained customers more than community banks. Given how much commerce is handled online, this needs to change and we can help your bank learn how. Doing so can boost customer capture, retention and drive more fees to your bottom line.

According to a [recent report](#) from the global consultant firm McKinsey, the next 5Ys will bring a world where many more people and corporate entities will regularly use international payments. Not just large corporations, but also retailers, small- and medium-sized businesses, and individuals will access a range of providers.

Even with increased pricing pressures, new models, and new providers, banks will continue to play an important role in cross-border payments. Here, community banks may actually have a bigger chance to get involved. The report suggests that successful competitors will understand their overseas transaction revenue models, client relationships, upgrade support, explore collaborative solutions, and establish a clear role in the value chain.

Driving profitability in the coming years may include a variety of international payment strategies. Community banks may want to consider expanding offerings to capture this business opportunity. For example, your bank might adopt a focus on supporting foreign business subsidiaries and their local workers and families, or businesses here doing business overseas.

In addition to more vanilla transactions, you might want to seek out niche pricing too. These might be in difficult-to-serve trade corridors or in industries where the payment lets the business exist, such as digital content. Geographical clustering in regions where international payments are active are other potential strategies.

Pricing for relationship and data may also make sense. You will want to consider monetizing the entire relationship with a customer, including accounts, lending, and data--rather than aiming to derive profit margins primarily from international transaction fees.

Banks can use international transactions to defend customer relationships too, using such propositions as international payments that are as fast as domestic ones, with predictable pricing. The more convenient those international transactions can be, the better, of course.

With the availability of [international payment services](#), you are better able to support your customers with their growing businesses. We are definitely here to help on that front. Simply contact us today at 888-966-7444 to learn more.

ECONOMY & RATES

Rates As Of: 10/17/2019 11:05AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.66	-0.15	-0.70
6M	1.62	-0.20	-0.86
1Y	1.58	-0.17	-1.02
2Y	1.59	-0.04	-0.90
5Y	1.56	0.02	-0.95
10Y	1.74	0.07	-0.94
30Y	2.23	0.12	-0.79
FF Market	FF Target	Fed Disc	
1.90	2.00	2.50	
SOFR	Prime	Unemp	
2.05	5.00	3.50	

[More Market Rates](#)

BANK NEWS

Central Banks

[BIS analysis](#) of actions taken by global central banks finds the expansion of their balance sheets in response to the crisis in 2008 has negatively affected the functioning of financial markets. Areas noted as negative included creating increased asset scarcity for investors, a decline in trading of reserves, a drop in liquidity and a sharp increase in bank reserves. These changes have impacted the bond markets, driven out some players, created concentrations of investors and added uncertain risks to the market's function.

Economic Growth

S&P Global Ratings projects US GDP growth will be 2.3% this year vs. 2.5% previously forecast and will dip to 1.7% next year.

No Libor

[The Federal Housing Finance Agency](#) (FHFA) has instructed the 11 federal home loan banks that it supervises to stop purchasing investments in assets tied to Libor as of Dec 31, 2019 that have a contractual maturity beyond Dec 31, 2021. It also said the FHLBs should not enter into Libor based transactions involving advances, debt, derivatives, or other products with maturities beyond Dec. 31, 2021.

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