



## International Business In Your Community

by [Steve Brown](#)

To some community financial institutions, offering international services might seem like an activity that would have little to do with their traditional local banking activities. Interestingly, when you dig a bit deeper you find how critically important this service is not only for community based institutions, but also for the small business customers they serve every single day.

Small businesses rely on local community-based financial institutions for a variety of needs beginning with their financing. In fact, Fed studies finds that small business loan customers give community banks far higher approval ratings (59%) than they do large national banks (35%) for this type of financing. These traditional services link small businesses to community banks. Local banks reside and do business within their communities - they know their customers better and as a result can respond to their needs far better than a monolithic institution ever can. It is therefore no surprise that community banks provide more than 50% of all small business loans in the US. Institutions like yours understand the nuances of the businesses you work with, but be sure you use that knowledge to deepen the relationship by taking care of all their financial needs, not just the most traditional. One product be certain to offer is international currency transfers. More businesses than you might realize require these services, offering them keeps all the customer's business in your bank and this can generate fee income for your bank.

Chances are, your business customers are doing business outside the US. To understand this better we look to research by the International Trade Administration. Among other things it finds: 70% of the world's purchasing power is outside the US, exports account for almost 14% of US GDP, plus small and medium-sized companies account for a whopping 98% of US exporters. Still other data from Export.gov finds: 95% of the world's consumers live outside the US and in the past 25Ys US exports have jumped five-fold.

If this weren't enough, consider what an important tool the internet is for small business owners today. It gives immediate and inexpensive access to customers worldwide, so small businesses aren't locked solely into a local market. Small business owners are taking advantage of this sales portal to increase goods and service sales well beyond US borders. In fact, consider a recent survey by Zions Bank of small businesses in CA. It found 38% said they do business in international markets and 9% of those say it amounts to more than 25% of their total sales. Another survey by Freelancer found a 36% increase in the number of small businesses who are selling their products overseas and a full 39% said they make more than 50% of their sales online.

As can be seen from the data and the studies, small businesses are aggressively leveraging the internet to sell their wares overseas and they need a partner to do so. Allowing a large national bank to take this business from your bank makes no sense and there is no reason why your bank cannot provide the services your clients need. PCBB can help, acting as your silent partner and behind the scenes expert in offering foreign currency services. It will also generate fee income for your bank, but more importantly, it will deepen the relationship you have with your customer. Plus if you help your

customer improve their sales, then they are far more able to pay back that small business loan and look to you to finance their next expansion. Call us to find out how easy it is to offer foreign exchange, international wires, foreign cash currency, foreign cash letters and other services. Help your institution as you help your customers, earn more fees and strengthen the borrowers supporting loans you have already originated.

Want to learn more? As part of our ongoing series of webinars, PCBB will discuss its International Services this week on both June 2 and 4.

Choose the webinar that is convenient for you:

Tuesday June 2, 2015 | 8:00AM (Pacific) | [Register Here](#)

Thursday June 4, 2015 | 1:00PM (Pacific) | [Register Here](#)

## **BANK NEWS**

### **M&A Activity**

1) Heartland Financial USA (\$6.6B, IA) will acquire Premier Valley Bank (\$647mm, CA) for \$95mm in cash (30%) and stock (70%).

### **M&A Off**

Parkway Bank and Trust Co (\$2.2B, IL) has called off its acquisition of Park Federal Savings Bank (\$154mm, IL).

### **Branch Activity**

1) American State Bancshares (\$653mm, KS) will acquire 3 KS branches from Simmons First National Bank (\$4.7B, AR) for an undisclosed sum. 2) Isabella Bank (\$1.5B, MI) will acquire 1 MI branch from Flagstar Bank FSB (\$11.5B, MI) for an undisclosed sum.

### **Job Cuts**

JPMorgan Chase said it will cut 5,000 jobs (about 2% of total staff) over the next 12 months, as it seeks to reduce expenses, consolidate support and fine tune operations.

### **Technology**

Google announced its mobile payments system called Android Pay, a rival to Apple Pay. The system works with major credit cards and mobile carriers and is already accepted by 700,000 retail establishments. An updated version due later this year will support fingerprint scans to authenticate purchases.

### **Free Now**

FHLMC said it will now allow mortgage lenders to use its Loan Prospector automated underwriting service for free vs. the \$20 it used to charge for each mortgage application.

### **Industry Issues**

The CEO of Wells Fargo said in a recent speech that cybersecurity and an evolving payments industry are the two biggest risks to banks.

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