

Breaking down cross-border payment barriers with Moneris B2B Pay™

In today's global economy, business has no borders. Customers – and revenue – can come from anywhere, which opens new doors for both large and small Canadian businesses.

But sending and receiving payments across the Canada-US border can sometimes present challenges to businesses, due to complicated and expensive processes.

WHAT'S THE CHALLENGE?

Canadian suppliers that accept payment from cross-border buyers tend to turn to traditional methods including cheques, electronic funds transfers and wire transfers, none of which are ideal.

Cheques

Still in use by many suppliers, cheques are perhaps one of the slowest methods to be paid for goods or services sold. This is because even when written within Canada, some cheques are held by financial institutions in order to validate funds; when a cheque is issued from an American bank, authorization holds of up to 20 days can occur. When some companies already have payment terms of net 30, 60 or even 90 days, this additional hold for a cheque to clear can be detrimental to a supplier's cash flow.

Electronic Funds Transfers

Within Canada, businesses sometimes rely on Electronic Funds Transfers, or EFTs, but if a company is looking for payment from an American customer, this option is not always readily available. The U.S. equivalent to EFT, Automated Clearing House (ACH), is similar in operation but doesn't easily connect to Canadian EFTs, making this type of payment difficult across borders.

Wire Transfers

Unlike cheques, the benefit of wire transfers is the immediacy of payment. Once a financial institution wire transfers funds, they're available to the recipient. The downside of a wire transfer is that it typically requires some manual actions, such as collecting account information and initiating the transfer, which adds a layer of complexity to the process.

The issues for cross-border payments don't stop with payment methods. Other problems pop up for suppliers who are simply trying to accept payment for their goods and services.

Currency Conversion

Once the payment method is chosen, the issue of currency conversion emerges. For both buyers and sellers, the always-fluctuating value of the dollar can be a cause for concern. While prices remain the same, the amount payable can increase or decrease based on the day's exchange rate. This unpredictability can be less than optimal when it comes to cross-border transactions.

Additionally, many financial institutions apply fees for both exchange and transfer into a Canadian account, creating additional costs where a transaction involves a currency conversion.

Dealing with Transaction Information

Another frustration with cross-border payments is reconciling the payment and transaction information once the transaction is closed. For businesses that send out thousands of invoices a month, and then receive one payment for multiple invoices, closing out invoices can be a headache. For payment methods such as wire transfer and cheque, automated reconciliation typically doesn't happen and needs to be done manually, which can be time consuming and has an increased margin for error.

WHAT'S THE OPTION?

Canadian businesses don't need to feel as though they're stuck between a rock and a hard place. There is an option that provides suppliers with an easier and more efficient way to accept payment from cross-border buyers: ePayables, which are virtual or electronic commercial credit cards.

ePayables, which are gaining in popularity for Canadian businesses thanks to their increased efficiency, improved accuracy and enhanced protection, are a solid solution for cross-border B2B payments.

When paired with Moneris B2B Pay, the solution becomes even more streamlined for buyers and suppliers on both sides of the border. Moneris B2B Pay is an electronic payment processing solution that transforms manually processed payments into a fully automated payment experience.

Once a buyer is invoiced by a supplier, the buyer sends payment instructions to Moneris B2B Pay, which deposits the payment directly into the supplier's bank account and provides notification and detailed remittance reports to the supplier. Additionally, the deposit is made in the currency that both the buyer and the seller agree upon, whether that's Canadian or U.S. dollars, eliminating the confusion that can come with currency conversion.

ADDRESSING PAIN POINTS

Moneris B2B Pay tackles many of the pain points presented by other payment types. Unlike with cheques, ePayables ensures suppliers are paid quickly, with money deposited straight into their account — usually within 1-2 business days. And, unlike wire transfers, a buyer can automate a payment instruction file so that there is no additional action required with making or receiving payments, helping businesses keep their focus on their business, not on being paid.

Additionally, Moneris B2B Pay gives suppliers the choice of accepting buyer payments in either U.S. funds or Canadian dollars. This option enables suppliers to make smart business decisions based on current exchange rates, and the opportunity to positively impact their profitability. And because the entire process is handled electronically, Moneris B2B Pay provides suppliers with the data needed to easily track and reconcile payments.

To learn more about how to optimize your cross-border payments or Moneris B2B Pay, please call 1-866-943-8929 or email b2b@moneris.com to connect with an expert, or visit www.moneris.com/b2b.

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