

# A guide to streamlining international payments for your import/export startup

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Every year thousands of South Africans take the plunge and start new businesses. Whether they do so out of necessity or a desire to be their own boss, taking the plunge into entrepreneurship is a brave decision.



Harry Scherzer, CEO, FutureForex | Source: Supplied

That's particularly true in an economy as challenging as South Africa's. Even in a booming economy, however, there are many unforeseen challenges that entrepreneurs have to deal with. As any founder will tell you, it doesn't matter how many business books you read and podcasts you listen to, it's impossible to prepare for everything.

## International payments

There are few places where those challenges are more visible than for import and export startups. Maybe you're in the energy space and import solar equipment for an increasingly burgeoning sector or maybe you're in the technology space and import hard drives, graphics cards, and other pieces of equipment.

Alternatively, you might be an exporter, helping South African wineries or craft artisans sell their products abroad. Either

way, that means delving into the world of international payments.

And for someone whose real passion is solar energy or evangelising local wines, that's a massive headache, they'd rather do without. Even if they do attain some level of expertise in what can be a complex field, having to deal with international payments can feel like a distraction from the aspects of the business they care most deeply about.

The obvious answer is to outsource that function. Before doing so, however, every business should make sure it's working with the right international payments partner that places a premium on customer service and transparency.

## **You can't bank on your bank**

The obvious temptation for most entrepreneurs would be to simply trust their bank to meet their international payment needs. And the results of a Future Forex survey, conducted earlier this year that most do. According to the survey, 68% of businesses handle their international payments directly through a bank. While it's understandable that they choose to do so, it can often be their detriment.

The first reason for that is the level of customer service an import/export startup is likely to get from a bank. Despite the promises of personalised and tailored services on their business banking brochures, most banks have thousands of businesses on their books.

That means you have to go through the same rigmarole as everyone else, especially if there's a sudden shift in your import/export needs (something that can happen regularly in the space).

That means either trying to dig through the bank's digital material and completing the transaction yourself or calling up its contact centre. From there, you'll probably have to go through a chain of people before finally talking to the person you need. That wouldn't be too much of a problem if the business only had to go through the process once, but that's seldom the case.

Aside from the high degree of variability in the currency exchange process, the international payment needs of businesses change as they expand and grow. Banks aren't always able to adapt to those shifts.

They may also lack the resources to help a business complete the SARS and Reserve Bank paperwork needed to complete an international payment, adding to the frustration felt by business owners.

This poor service can even affect a company's bottom line, particularly if banks aren't transparent about the fees they charge for international payments, as is often the case. This lack of transparency means that businesses end up paying a lot more on each transaction than they expect.

## **Find the right currency exchange partner**

Given the real and serious issues import/export businesses can face with banks, where should they turn to ensure those needs are fully met? A good place to start is with an independent foreign exchange provider that prioritises the experiences of its customers.

For businesses in particular, such a provider should offer a dedicated account manager who can guide them through the entire international payment process. The account managers it offers shouldn't just be client service pros either.

They should also have in-depth knowledge of the nuances around money transfers and currency exchange and be able to understand the intricacies around your company and its industry-specific challenges. Additionally, they should be able to ensure that businesses are on the right track when it comes to meeting SARS and Reserve Bank requirements for international money transfers.

Critically, any international payments provider should also be wholly transparent with all of the fees it charges, including the margin or spread. A volatile rand makes international payments a challenge to deal with consistently at the best of times.

There's no reason why a business should also have to put additional excess time into getting the logistics right to ensure the payment is made timeously and that the process goes smoothly.

## **Getting the most out of critical businesses**

Importers and exporters of all sizes are, without doubt, critical to the South African economy. The former bring us goods that wouldn't otherwise be available in the country (to the detriment of both individuals and other businesses) while exporters ensure that the world can enjoy our goods while also bringing in much-needed foreign currency.

Given how crucial they are, those businesses should be able to focus on what they do best. That includes international payments. With the right international payment provider in place, they can rest assured that they're always getting the best service on those payments without having to pay extra for it.

## **ABOUT THE AUTHOR**

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