



## WHAT CANADIAN BUSINESSES NEED TO KNOW ABOUT INTERNATIONAL PAYMENTS

Canadian businesses are some of the most dynamic in the world, impacting global commerce in meaningful and innovative ways. Facilitating global commerce requires the movement of capital via international payments. You may be a customer making an international payment for your goods or a vendor receiving payment from customers abroad. This whitepaper aims to educate Canadian businesses on how to better manage and save money from their international payments, turning FX risk into FX opportunity.

### LANDSCAPE: WHAT ARE MY OPTIONS?

If you have to make a payment to another country in another currency, chances are you'll be paying from your Canadian or US dollar accounts held in Canada. This necessitates the conversion of your funds into the currency preferred by the overseas recipient or beneficiary. This rate of conversion is what we call the foreign exchange or FX rate. There are several methods available for executing this kind of transaction – let's explore a few:



### **Pay by credit card**



VISA, MasterCard, and other card networks will transfer the payment in real-time, but for large-value payments this means a significant fee (~3%) from the networks that the vendor pays (sometimes transferred to the customer). Additionally, the FX rates are unlikely to be competitive.

### **Use your bank**



A reliable, albeit slow, service from a safe Canadian banking institution. However, you are unlikely to secure a competitive FX rate from a traditional Canadian bank and the speed of the payment may be slower than you would expect.

### **Use an FX specialist**



Registered as money service businesses, these entities specialize in facilitating larger-value cross-border payments. They do not have the regulatory scrutiny that a bank does (read: not as safe and reliable) and often win business based solely on being price competitive for the initial “teaser” rate.

### **Use an alternative payments provider**



Some businesses send international payments via cryptocurrency payments. This involves converting CAD to a cryptocurrency and sending the crypto overseas, where it is converted into the local currency. While these payments are fast, we do not advise using this service due to the unregulated nature of the entities operating these businesses, the wild fluctuation of cryptocurrency prices, and because these methods of payment are largely untested in high volume or mainstream scenarios. Finally, fees may range wildly from different providers.

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## **PAYMENT DIFFERENTIATORS: WHAT MAKES AN INTERNATIONAL PAYMENT SERVICE “GOOD”?**

It depends on what you prioritize in your payment relative to the price and service being offered at the institutions you do business at. Here are a few considerations:

### **Speed: How fast is the money getting to its destination?**

Most institutions handle payments to common destinations like the US and Europe efficiently, as they use similar systems. However, payments to less common destinations are slower with traditional providers who lack the infrastructure and relationships to ensure speed. Receipt times can vary from several days to a week, falling short of current client expectations.

### **Safety: Can I trust my service provider to safely fulfill my international payment?**

Canada’s financial landscape includes credit unions, money service businesses, and banks, among others, all subject to varying regulatory compliance levels. Trustworthy payment providers should have a solid reputation, robust compliance, and regulatory good standing, plus they must offer transparency and readiness to show why they are the best choice for you.



### **Price: How much am I paying for this transfer?**

Consider two main costs: the FX rate and the fee. Traditional providers may charge high FX rates as standard to Canadian businesses. While some may offer better FX rates, they recoup the difference through higher fees. Faster transfers tend to cost more. Choose a provider that offers the right balance of cost and speed for your needs. Payments to common destinations are efficient, but transfers to less common jurisdictions may take longer.

## **CHOOSE EBC: THE SAFETY OF A BANK, THE PRICING OF A BROKERAGE**

EBC is the only Canadian bank that specializes in FX services. Regulated by OSFI, we offer the security and safety of a bank with the pricing of an FX brokerage.

### **Schedule 1 Bank**

EBC is a Canadian Schedule 1 Bank regulated by the Office of the Superintendent of Financial Institutions (OSFI), a leading, globally recognized banking regulator. We maintain strong compliance management and governance programs overseen by our independent Board of Directors, comprised of many banking and payments industry veterans.

### **FX Specialist**

We are staffed with seasoned FX specialists that are attuned to the needs of Canadian businesses and can tailor FX solutions per your needs. Should you require it, our team can become an extension of your accounts payable function, fulfilling your payments needs to the level you require, and at a very competitive price point.

### **Customer First**

We pride ourselves on our concierge service and the simplicity and ease with which we enable our customers to complete their payments. It's why we've consistently achieved industry-leading Net Promoter Scores (NPS) above 80 (2023 survey: 85 NPS). This compares favourably with the industry average of 30. Try EBC for yourself to see the difference.

### **CONTACT US FOR AN FX RATE COMPARISON**

General Inquiries (1-888-223-3934)

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