

DOING BUSINESS IN CANADA

FOUR TIPS FOR SUCCESS

Louise McDonnell:

Louise McDonnell
Vice President, International Advisor
Treasury Management, PNC
louise.mcdonnell@pnc.com

Due to its close proximity and cultural similarities, Canada is a natural first step for U.S. companies considering international expansion. However, while there are many similarities between Canada and the U.S. banking systems, there are also many differences that could affect the way you do business.

I'm Louise McDonnell, Vice President and International Advisor at PNC.

Here are four tips for succeeding in Canada.

Many companies hold both U.S. dollar and Canadian accounts for payables and receivables. Canada offers both Canadian dollar and U.S. dollar clearing systems for wire, ACH and check. Keep in mind that U.S. payments in Canada are independent from the U.S. clearing houses such as the Fed.

Cheque is spelled with a 'que' in Canada. And it's also important to know that Canada accepts post-dated cheques. Unlike here in the U.S., remote deposit and image cheque clearing are relatively new to the market.

Electronic Funds Transfer, Canada's version of ACH, represents a comparative lack of data and transparency into addenda records. This can require additional time and cost for reconciliation.

U.S. companies that do not have a Canadian presence often utilize lockbox services in Canada, allowing them to outsource their receivables process and provide their clients with a Canadian mailing address.

These four concepts are just the beginning when it comes to understanding the basics of Canadian banking.

Like many countries across the world, Canada is currently undergoing an expansive payments modernization project spearheaded by Payments Canada (formerly known as the Canadian Payments Association).

This modernization will include a new core clearing and settlement system, which will replace the Automated Clearing Settlement System and Large Value Transfer System. The many benefits for this project include real-time payments, the addition of enriched data for reporting electronic payments as well as adoption of ISO 20022 data standards.

As a result of these payment system changes, it is vital to evaluate how your company is operating in Canada today. Most important, the cost benefits could vary significantly depending on whether you are utilizing cross border payments or in country accounts and services in Canada.

We recommend keeping up to date on developments that will impact your business and potentially influence the structure of your banking relationships and services in North America.

For more information on doing business in Canada and understanding the variety of options available to help your company to succeed internationally, please contact me using the information on the next screen.

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CIB ENT PDF 0618-0140-861401