



# Going Global - Striking the Balance Between Digital and Local






Global business expansion continues to present savvy organizations with important growth opportunities. According to the [U.S. Chamber of Commerce](#), digitization is "creating substantial new opportunities for American companies of all sizes and diverse sectors... Digitalization will be key to U.S. competitiveness in a host of industries from finance and healthcare to logistics and AI."<sup>1</sup>

As consumer expectations and demand push businesses to offer products and services across multiple markets, companies require robust international operations and a strategy that will support their preferred business model. However, the task of making payments and receiving collections internationally can create many challenges for new businesses. Establishing legal entities and opening bank accounts locally, particularly in regions with complex regulatory landscapes, can prove daunting. As the business expands rapidly, the overriding question becomes: does the decision to establish local legal entities scale to support the burgeoning cross-border needs of the business?

This article is the first in a series that aims to address the challenges businesses face going global and how they can go about overcoming hurdles.

## The challenge of going global

If your company has decided to establish local legal vehicles for operating purposes, treasury will need insights and expertise to help ensure a smooth process. Considerations might include:

-  **Understanding the nuances to capitalize entities for formation, such as opening a capital injection account, funding limits and legal documentation requirements.**
-  **Preparing for bank account opening and KYC requirements, including tax documents and proof of address which may take time for brand-new entities.**
-  **Understanding the requirements for local signers (as those requirements may conflict with the desire of treasury to manage signers on a centralized basis).**
-  **Familiarizing with local payments preferences and practices.**
-  **Automating local entity funding where possible, and moving onshore where local jurisdiction requires it.**

<sup>1</sup>10 Trends in 2022: Global Perspectives for Business (<https://www.uschamber.com/international/ten-trends-in-2022-global-perspectives-for-business>)

For these reasons, businesses – even those that are starting out – should consider partnering with a global bank that has the local expertise and regional knowledge with consistent global connectivity to advise and guide them as they grow. Such a bank can become an invaluable asset, serving as both an extension of the treasury team and an advisory resource. Even at the earliest stages of the business, a global banking partner can enable scalability and effective strategy planning while helping to ensure constructs are put in place early to allow for rapid international growth.

Working with a global bank like Citi allows treasury to consolidate banking relationships and support the needs of the business with access to on-the-ground expertise. While some global banks rely on local partner banks (which can affect overall efficiency), Citi has direct access to local clearing systems and a single global entry point into the bank – meaning consistent data, reporting and connectivity. Businesses should inquire with their global banking partners regarding where they have a proprietary presence.

### The need for speed when going global

In today's fast-paced business ecosphere, organizations are often under pressure to meet customer demands with increased speed-to-market around the world. Paying content creators, suppliers, app developers or gig workers real-time in local currencies or through alternate payment channels can present real difficulties. Some businesses look to solve this problem by relying on Payment Service Providers (PSPs), but an expanding number of PSP connections may increase the number of potential points of failure. Eventually, as they continue to grow and costs rise, they are compelled to unwind this complex web of PSPs.

Again, working with a global banking partner can be the answer. A global bank can easily scale with the business. And since such banks are often already handling the back-end payment processing for the PSPs, there is little advantage to integrating with multiple third-party providers.

As a global bank enabling business in more than 160 countries and jurisdictions, Citi has the extensive reach and the local expertise to allow businesses to go-to-market quickly. Having access to an industry-leading cross-border payments platform, such as WorldLink, allows a business to easily send payments in a variety of currencies and payment types from a single central account – eliminating the burden of forming a local entity and opening a local bank account. This flexibility not only allows treasury to ensure that business needs are met and that local workers or expenses are paid in an efficient and timely manner, but can also be a critically important competitive differentiator with customers, suppliers or partners.

Overall, where a business banks matters. A trusted banking partner can be a competitive advantage, providing invaluable input on doing business in-country, and access to scalable platforms and comprehensive solutions to support the global growth of the company. Citi's proprietary network (encompassing 95 countries!) can be a growth enabler in this way, providing a foundation to help launch treasury towards achieving its goals.

In the next article in this series, we will delve into cross-border payments as a competitive differentiator and how organizations can avoid separate connections to multiple providers to take advantage of the most local relevant payment methods.

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