

Reviewing Strategies for U.S. Companies that Need More Support in International Banking

September 25, 2024

The combination of a post-pandemic rebound in international trade and the rerouting of global supply chains is reshaping the competitive landscape for international banking services among U.S. companies.

Over the past year, large U.S. corporates have been seeking assistance when rethinking key functions that support international business and operations, including cash management, trade finance and other areas. As part of this process, companies are adding new banks to their roster of international providers.

Every year, Coalition Greenwich tracks the number of U.S. companies employing providers of international banking services to cater for their outbound business needs into Western and Central Europe, APAC, EMEA, and Latin America. From 2022 to 2023, the share of companies employing one or more banks increased in every one of those regions. To some extent, this growth in international banking rosters reflects a rebound after cutbacks during the COVID-19 crisis, when international trade ground to halt.

However, we believe the increased demand for international banking services also reflects the more secular trend of supply chain diversification. Reducing reliance on China means diverting manufacturing and other operations to new markets, and, in many cases, multiple countries and locations. This process is making supply chains and international operations more complex, prompting U.S. companies to seek enhanced support. For example, from 2022 to 2023, Mexico rose as the top U.S. trading partner, while U.S. imports from Vietnam doubled from 2018 to 2023.

National Banks for International Coverage

Historically, the first step for many companies in the search for more support has been international banks that can immediately step in with robust networks and specialist expertise in specific countries and regions. Increasingly, however, companies are also exploring another option: international banking relationships with the largest U.S. national banks.

Large corporates that introduce U.S. national banks to their international banking rosters are hoping to benefit in two ways. First, companies are looking to tap into the rapidly improving capabilities of the national banks that are often supported by more sophisticated digital capabilities. Second, by allocating fee-based business in international banking, cash management and trade finance to national providers, companies hope to solidify their relationships with these important institutions and ensure the continued flow of credit and other forms of support—across both the international and domestic arenas.

Going forward, we expect more companies to consider this strategy, especially in centralized businesses and

industries where actual boots on the ground are less important. As we noted in a [recent blog post](#), while the national U.S. banks pull back their balance sheet commitments, they are not cutting across the board. To the contrary, national banks are actually working to deepen ties with the biggest and strongest-rated U.S. companies.

For companies on the borderline of that threshold, it makes sense to consolidate fee-based business in cash management, trade finance and other areas with national providers in order to make themselves more attractive as profitable clients for these critical sources of capital. In many cases, international banking business would be part of that package.

National banks, with their rapidly improving and expanding international capabilities, could also become an increasingly interesting option for large U.S. corporates that rely on mega-regional banks as their primary bank providers. It's unlikely that regional U.S. banks—even the biggest ones—will have the networks and capabilities needed to meet companies' growing needs in international markets.

For clients of the mega-regionals, supplementing bank rosters with national providers for international banking service probably makes sense, especially when done in conjunction with existing relationships with foreign banks that have specialization in specific countries and regions.

Tobias Miarka and Matthew Noujaim are the authors of this publication.

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and

Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Coalition Greenwich, which is a part of CRISIL Ltd, an S&P Global company. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Coalition Greenwich as on the date of the Document and Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data in this Document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES COALITION GREENWICH BELIEVES TO BE RELIABLE. COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2024 CRISIL Ltd. All rights reserved.