

# Collecting Receivables in the US

## Access US – 2017

If you have ever spent time in the United States, chances are you have encountered some difficulty navigating the American banking system. There are many differences between the way you manage finances in Canada and the banking methods observed in the US. This is true for both consumers and businesses. As a business owner operating in the US, there are some important things to know when it comes to paying suppliers and collecting funds from customers. The focus of this article is to highlight **ways in which Canadian companies doing business in the US can collect receivables.**

Generally, the most efficient way to collect funds is via **ACH** using an account held at a US financial institution. ACH, short for the Automated Clearing House, is a secure, private electronic payment transfer system that connects US financial institutions (think EFT in Canada). ACH has become the most popular method of payment within the US. ACH is far cheaper than a wire transfer, but takes longer – generally 24 to 48 hours – to receive payment. In the last twelve months, some banks have made cross-border ACH and same-day ACH available. A wire, on the other hand, is typically received same day, but is more costly for the sender and recipient.

Another collection method to consider is **Lockbox**. This is a service in which your company receives payments by mail to a post office box, and your bank picks up the payments throughout the day; the bank deposits the checks into your account and then notifies you of the deposit. This allows you to put the money to work as soon as it's received. Image Lockbox is an enhanced service whereby your bank scans the documents associated with your lockbox receivables, including checks, invoices and other correspondence. Then, shortly after deposit processing, images of your checks, documents, and envelopes are available for you via the Internet. In addition, you may also request a direct transmission of the images for longer-term storage.

Lastly, a collection service common in the US banking system is **Remote Check Deposit**. This service allows you to deposit checks securely without ever having to leave the office, saving you both time and money. Customers send checks directly to you. From your office, you can scan the checks using a desktop scanner attached to your PC. The check images are then deposited with your bank over a secure internet connection. There is no need to photocopy the checks prior to scanning, and checks can often be viewed for up to several days after the deposit. This service can eliminate expensive courier runs or free staff from making non-productive trips to a branch. It can also improve cash flow as “desk float” is reduced; there is no need to have checks sit idle when they can be deposited, from your desktop, within minutes.

M&T Bank, headquartered in Buffalo, NY, has provided banking services like these to Canadian companies with US operations for more than 160 years. M&T has the experience and ability to support the credit and treasury management needs of cross-border businesses. If you have any questions about the above-mentioned services, or any other banking services, please contact us.

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