



## International Payment Options for Translators and Agencies

By Eve Lindemuth Bodeux

**The global nature** of the language translation business, along with its heavy focus on subcontracting, results in a frequent need to send and/or receive payments across international boundaries. Although the translation industry is estimated to be worth an impressive \$33 billion,<sup>1</sup> many of its practitioners are individuals or small businesses. Transferring payments across international boundaries can be costly for both the sender and the receiver.

Eliminating or reducing per-transaction fees and improving exchange rates can result in significant savings.

### Common International Payment Options

First, let's look at some of the payment methods that are common among translation industry professionals active on the international scene.

These include checks, wire transfers, PayPal, Skrill, and credit cards. The type of payment accepted by translation services providers depends on where their clients are located, their clients' industries, and the amount of

funds being transferred, among other factors.

Each of these methods has its own issues. Paper checks are archaic in today's banking system, but are still used by various clients. They may get lost when sent overseas and can be expensive to cash in a foreign currency. Wire transfers, while very common, are expensive to send and receive and are subject to various levels of fees per transaction. They may also include "hidden fees" for which neither the sending nor receiving bank seems to want to take responsibility. In fact, such fees are often charged by the intermediary banks required to complete international wire transactions. Another problem inherent in international wire transfers is that the bank controls the exchange rate when a foreign currency exchange takes place, and the rates offered by banks are often not favorable compared to market rates.

Payments received by PayPal and Skrill, especially in foreign currencies, are also subject to per-transaction fees based on the amount of money being transferred and also are subject to poor exchange rates. Additional fees may also be involved since PayPal and Skrill have complicated rate structures that depend on how payments are funded by the sender, as well as on the countries where the sender and receiver are located.

### **Per-Transaction Fees and Foreign Exchange Rates Are Both Important**

Wires, PayPal, and Skrill payments and cashing foreign currency checks do not allow the recipient of the funds to control when the exchange rate transaction takes place. With large fluctuations possible in exchange rates among the U.S. dollar, Euro, and other currencies, this can result in significant amounts of money being lost. The ideal is for the person receiving the funds to be able to decide when to initiate foreign currency transactions. For example, when a larger volume of

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funds is transferred at once, as opposed to many smaller transfers from multiple clients, the larger amount may result in the foreign exchange provider executing the exchange at a more favorable rate. Also, only one per-transaction fee will be charged, instead of several.

These issues highlight the necessity of recognizing that both per-transaction fees (e.g., the one-time fee charged per wire transfer) and exchange rates (e.g., the rate offered when U.S. dollars are converted to Euros, or vice versa) are important. Eliminating or reducing per-transaction fees and improving exchange rates can result in significant savings. The question is, how can this be accomplished?

### **Alternative Solutions for Making International Payments**

Alternative solutions exist that can reduce the burdensome nature of international payments. Each language services provider, from solo entrepreneurs to agencies, will need to assess these various solutions to see which best fit their particular business model. The ideal solution for making international payments will vary from practitioner to practitioner, but might offer the following: ease of use, low fees, competitive exchange rates, rapid transfer of funds, service to specific countries, and secure transfer. Your specific business needs may dictate additional requirements to be taken into consideration.

### **Foreign Exchange Companies**

Solutions do exist that offer translation professionals more flexibility in managing foreign funds sent or received for services rendered. Foreign exchange companies are one of these options and include companies like Cambridge Mercantile ([www.cambridge-mercantile.com](http://www.cambridge-mercantile.com)

[bridgefx.com](http://bridgefx.com)), American Express FX Payments ([americanexpress.com/ip](http://americanexpress.com/ip)), and Western Union ([onlinefx.westernunion.com/business](http://onlinefx.westernunion.com/business)). Other similar foreign exchange companies exist. These companies normally allow for foreign transfers to take place both into and out of U.S. funds. (Please note that due to U.S. banking rules, this is not always the case for all international payment organizations.)

These companies make a profit from the interest on the large amounts of money that pass through their possession from many customers, even if they only possess it for a short period of time (like banks and other institutions do as well). Because of this, and since their main focus is foreign exchange, they are able to offer exchange rates that are more competitive than those offered by banks. Note that some banks even offer the services of these foreign exchange companies to their customers, but add on additional fees. This is why working directly with the foreign exchange companies is usually a better choice.

Foreign exchange companies are international financial institutions (not banks) that offer foreign exchange transaction services to businesses of all sizes. To use their services to send funds, a translation professional needs a business bank account and must undergo an application process. A translator or agency then allows these third parties access to their bank accounts to facilitate making payments to bank accounts in other countries in a foreign currency at competitive rates. Recipients of these funds only need a bank account and do not need to sign up with the foreign exchange company being used by the sender. These institutions use electronic funds transfer to carry ➤

out foreign exchange transactions, thereby avoiding the fees associated with wire transfers. Though these transactions are lower cost than wires, they are normally completed in one to three days, which is still fairly rapid.

A freelance translator who has bank accounts in more than one country can also use a foreign exchange company to transfer funds between these accounts. This allows the translator to choose the date and time when foreign exchange rate transactions occur, rather than being at the mercy of a bank's rates or timing. These companies' services could also be used effectively by a translation agency to pay multiple vendors located around the world in various currencies, and at a lower cost than through a traditional bank. This allows an agency to assign a project to the "best" translator for the job regardless of location, since the sender's overall cost of sending funds is less than doing so with a bank and the cost to the recipient of the funds is usually free. (The recipient will receive the exact amount specified by the sender, with no deductions).

The exact services offered by foreign exchange companies will vary. Some require a per-transaction fee on the sender's end while others waive it and charge the sender only the current exchange rate fee. In either case, foreign exchange companies offer some of the most competitive exchange rates available to solo entrepreneurs or small businesses. As the amount of money transferred internationally by an agency or freelancer increases, the exchange rate becomes more important to the overall equation. When transferring large sums of money, or small sums over time, these rates can result in savings of hundreds or even thousands of dollars. This is why it is important to consider the long-term monetary benefits of working with a specialized foreign exchange service provider.

Some foreign exchange providers may also offer additional services, including low-cost electronic domestic transfers (to pay domestic vendors

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electronically) or U.S. dollar or Euro international payments for an additional fee. There is no currency exchange involved for overseas vendors who wish to be paid in U.S. dollars or Euros but, for example, are located in Asia. These additional services can be helpful if you are paying a variety of vendors around the world or receiving funds from a variety of clients.

#### **TransferWise**

TransferWise ([transferwise.com](http://transferwise.com)) is another alternative to traditional banks for transferring money internationally. It is considered a peer-to-peer money transfer service and was established by the original founders of Skype (before Microsoft purchased the company), who were inspired by their own negative experiences trying to transfer funds internationally.

The original slogan listed on the TransferWise website was "Bye bye banks. You've had your fun. Banks charge a lot for foreign-currency transfers. We don't." The company explains it this way: "Banks charge huge hidden fees when you send money abroad. Now you can avoid them completely. Problem solved."

TransferWise targets the various microcosms that make up the international community, including expatriates, small international businesses, and students studying abroad. You do not need a business bank account to use TransferWise. As with foreign exchange companies, TransferWise offers exchange rates significantly more advantageous than those offered by banks. And as with foreign exchange companies, TransferWise does need access to your bank account to complete the transaction electronically.

TransferWise provides transparent

information on their website about how the process works. They spell out in mathematical calculations why, for example, sending 1,000 Euros to a U.S. bank account will save an estimated \$51 over using a bank to complete the transaction. (You could also use these same formulas as a model to calculate potential savings from foreign exchange companies.) TransferWise's stated focus is to help its customers avoid bank fees and get the most for their money when engaging in international transactions.

#### **Multiple Bank Accounts**

As mentioned earlier, having a bank account in more than one country can be advantageous to managing international payments and transfers. However, if your business does not already have multiple bank accounts it can be difficult to open them in today's era of tightened international and national banking laws. Residency and citizenship requirements come into play.

Fortunately, while helpful, multiple bank accounts are not required for an effective international payment strategy. Even if you only have a bank account in your country of residence, with a careful assessment of your business's payment requirements, you may be able to use some of these international payment alternatives. Using these newer methods along with more traditional methods, such as wires or PayPal, when necessary will help you craft an international payment policy that works to your advantage.

#### **Defining Your International Payment Strategy**

Your responsibility in trying to get the most for your money is to per-

form due diligence on any alternative international payment method you may be considering. Making the effort to define your payment strategy consciously will also assist you in finding the best fit for your specific business needs. Your goal is to save money and time when international transactions are involved. Asking and answering the following questions may help you decide which payment methods will work best for you:

- Do you work with direct clients or agencies?
- Who are your vendors or customers?
- What are their industry norms for payment?

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**Be sure to consider international accounting/tax issues and consult with the appropriate tax professionals so that you adhere to the rules of each country in which you hold funds.**

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- What currencies do they prefer?
- In which countries are they located?
- Which payment service providers offer services in these countries?
- What are the typical amounts of money involved in your transactions (many small amounts or less frequent large sums)?
- Which foreign currencies are you willing to accept (several, or do you require all payments to be in your home currency)?
- What payment terms do you accept (upon receipt, 15 days, 30 days, 45 days, 90 days, or other)?

By reviewing your replies to these questions and the services offered by each international payment provider, you can assess which payment



## Resources for Information on International Payment

Dillon, Sarah. "Getting Paid Across Borders: Multi-Currency Banking for Freelance Translators," <http://sumo.ly/z00>.

"International Payment Methods: An Overview," *Speaking of Translation Podcast* (September 24, 2013), <http://speakingoftranslation.com/listen/international-payment-methods-an-overview>.

Sataline, Suzanne. "Looking Overseas, Businesses Learn to Master Currency Exchange," *The New York Times* (April 17, 2013), <http://tinyurl.com/pc53szv>.

### Other Links

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**American Express FX International Payments**  
[americanexpress.com/ip](http://americanexpress.com/ip)

**Cambridge Mercantile**  
[www.cambridgefx.com](http://www.cambridgefx.com)

**Oanda Forex Trading**  
[www.oanda.com](http://www.oanda.com)

**PayPal Fee Calculator**  
<http://paypalfeecalculator.paymentprocessing.cc>  
(Tells you what you pay in fees and the exchange rate when using PayPal)

**Skrill**  
[www.skrill.com/en](http://www.skrill.com/en)

**TransferWise**  
[transferwise.com](http://transferwise.com)

**Travelex**  
[www.travelex.com](http://www.travelex.com)

**Western Union**  
[onlinefx.westernunion.com/business](http://onlinefx.westernunion.com/business)

**XE Trade Money Transfers**  
[www.xe.com/fx](http://www.xe.com/fx)

methods best fit with your various clients, vendors, and payment scenarios. You can mix and match your options as needed and are not locked into using only one payment method. And, of course, be sure to consider international accounting/tax issues and consult with the appropriate tax professionals so that you adhere to the rules of each country in which you hold funds.

Finally, and realistically, it must be acknowledged that, while you can control payments you send to subcontractors or colleagues as well as trans-

fers between your own bank accounts, you cannot control how your clients choose to send you funds. However, as an agency or a freelancer, if you have a good relationship with your clients you may also feel comfortable sharing information and educating them about the various cost-effective options available to them for international payments.

And do not forget to keep an eye out for new options in international payments. Banks and PayPal are definitely not your only options. The fluid nature of today's international

and financial landscapes means that there is always the possibility of new alternatives becoming available.

*Please note that this article is not offered as legal or financial advice and is informational only.* ■

### Notes

1. Kelly, Nataly, and Jost Zetzsche. *Found in Translation: How Language Shapes Our Lives and Transforms the World* (New York: Perigee, 2012), xiii.

## Looking to Expand Your Portfolio of Direct Clients? ATA's Client Outreach Kit Can Help!

**Reaching the direct client market requires a different marketing strategy. You have to go to them instead of waiting for them to come to you. ATA's Client Outreach Kit will give you the tools you need to attract direct clients by positioning yourself as a resource for translation buyers and users.**

### What is the Client Outreach Kit?

The core of the kit is a fully customizable PowerPoint presentation that you can use when speaking to potential clients—at chamber of commerce meetings, trade association events, professional seminars, brown-bag lunches at local law firms, or any other venue that would draw the kind of client you are looking for.

The kit also includes a set of practical, stand-alone Skills Modules to help you make the most of the core PowerPoint presentation. Topics include writing and delivering an elevator speech, developing effective public speaking habits, getting invited to speak, writing your own introduction, and handling question-and-answer sessions effectively.

**The Client Outreach Kit can be downloaded free of charge by ATA members. To learn more, go to [www.atanet.org/client\\_outreach](http://www.atanet.org/client_outreach).**

#### What you should be looking for:

1. Experience (ask for examples of previous work and run these past your foreign partners)
2. Residence abroad
3. Someone who works into his/her native language
4. Quality standards
5. Membership of professional associations



**ata**  
American Translators Association

