

Executive Update

International Trade Opportunities More Attainable for Wisconsin Banks with Help of SBA Export Loan Programs

By Rose Oswald Poels

Our economy is becoming more global, and the value proposition is strong for Wisconsin bankers to get more involved in international trade. Nationally, the Small Business Administration (SBA) estimates that a total of 287,314 companies exported goods from the United States in 2016. Of these, 280,229, or 97.5%, were small firms; they generated 33.3% (or nearly \$433 billion) of the United States' \$1.3 trillion in total exports.

In Wisconsin alone, a total of 8,485 companies exported goods in 2016. Of these, 7,337 (or 86.5%) were small firms; they generated 26.8% of Wisconsin's \$19 billion in total exports. Senior SBA staff recently conducted a local roundtable for lenders in southeast Wisconsin to discuss the various ways SBA can play a role in helping banks grow their portfolio to include international finance.

"Our job is to mitigate your risk," said **David Glaccum**, SBA associate administrator for the Office of International Trade, at the meeting to lenders. SBA has three different export loan programs designed to provide bank customers, notably small businesses, with solid financing options through their local bank while also providing the bank with as much as a 90% guaranty depending on the program used.

"Small business customers are an untapped market



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opportunity for SBA lenders," said **Michael Fazio**, SBA export finance manager for the Office of International Finance, to the lenders in the audience. And the numbers prove that to be true. Of the four key

Contact SBA's **Mike Fazio** at michael.fazio@sba.gov, or 202-322-3352 to learn more about the SBA Export Loan programs or to be added to a referral list of export businesses that have financing needs.

these loan numbers over the next year or so. Not only small businesses that export, but also those that sell goods and services to others that export, can use SBA's export loan programs, thereby expanding

the benefit of an SBA export program," Glaccum stated.

In addition to the loan programs, SBA has local staff in Wisconsin who are ready to help lenders not only become more educated on these guaranty programs, but are also willing to jointly call on bank customers and prospects to provide the expertise needed to effectively talk with small business exporters.

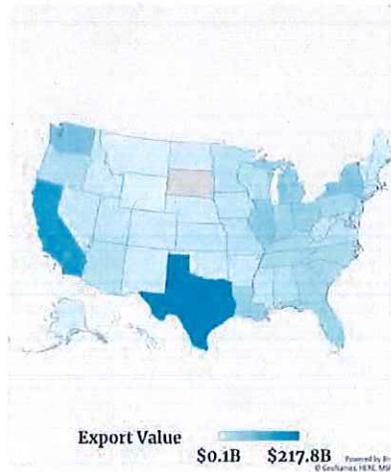
With more businesses exporting their products and services, there is a growing underserved market opportunity for banks to tap into, in industries commonly targeted by the banking industry. Nearly 35% of small business exporters surveyed stated that they find it more difficult to finance foreign sales. "Indeed, as banks begin to look deeper into their existing customer base, many are surprised to find existing customers already exporting products or services," Fazio shared. Moreover, diversifying a bank's loan portfolio to include some international loans helps strengthen a bank's balance sheet with customers who will be sticky to the bank.

For more information about the SBA Export Loan programs, or to be added to a referral list of export businesses SBA encounters that have financing needs, contact **Mike Fazio** at michael.fazio@sba.gov, or 202-322-3352.

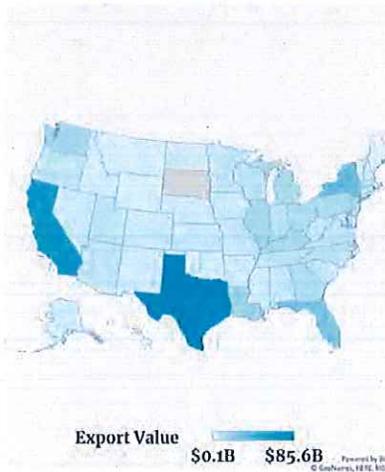
Oswald Poels is WBA president and CEO.

The U.S. is Exporter Dense (known exports)

Total Exports: \$1.3 Trillion*



SB Exports: \$432.9 Billion*



*2019 Small Business Profiles for the States and Territories, SBA Office of Advocacy

» Of the four key export sectors (manufacturing, wholesale trade, retail trade, and ag) identified by SBA, there are nearly 1.7 million small businesses operating in these sectors, with over 172,000 of those exporting products or services in 2018. Of those small business exporters, SBA provided only 165 export loans. SBA's goal is to grow these loan numbers over the next year or so.

export sectors (manufacturing, wholesale trade, retail trade, and ag) identified by SBA, there are nearly 1.7 million small businesses operating in these sectors, with over 172,000 of those exporting products or services in 2018. Of those small business exporters, only 165 SBA export loans were provided in 2018. It is a goal of the SBA to grow

the pool of potential borrowers.

Part of the explanation for the disconnect in the numbers is because many small business exporters are using cash in advance terms to finance their export business rather than obtain a loan. "Cash in advance terms are really not the best solution for businesses to get better margins compared to financing through a bank with