BANQUE BEMO

KEY FACTS STATEMENT
DOCUMENTARY COLLECTIONS

Product / Service

Product/Service Name: Documentary Collections

Description:

- A Documentary Collection is an instrument for payment used to facilitate Import/Export operations when the exporter and the importer have a long standing relationship. Usually it comprises both financial and commercial documents which would be required in order to obtain delivery of goods.
- A Documentary Collection is a more secure method of payment than the advance payment and less secure than the Documentary Credit.
- Banks involved in this process act as intermediaries between exporter and importer. They perform a service –the collection of the exporter's payment – but do not assume a payment obligation of their own. They submit, on behalf of the exporter, the documents evidencing dispatch of the ordered goods to the importer. If the importer fulfills the collection requirements laid down by the exporter, he obtains the documents and thereby legal entitlement to the goods. Depending on the collection terms, the exporter receives credit of the document counter value immediately or at a later maturity date to his account.
- The Documentary Collection provides comfort to the exporter that the Bank handling the documents will be following on the relative payment. Importer will not have to make payment until the goods have been shipped. Documents are handled through the banking system.

Offering Documents

This statement is part of the offering documents and must be read in conjunction with:

1- *Uniform Rules for Collections URC last version, published by the ICC (International Chamber of Commerce).*

Key Features

- Payment under Documentary collection may be effected:
  - At sight (documents released against immediate payment).
  - Against acceptance (documents released against acceptance of draft/bill of exchange) to pay at a specified date.
  -Against undertaking letter or promissory note (documents released against signing a promissory note or undertaking letter) to pay at a specified date.
  -Against bank aval, the exporter may request the presenting bank to add its aval, undertaking or guarantee on term payment.

- A Documentary Collection is an instrument of payment available in the international trade and is governed by the URC published by the ICC.

- Bank's requirements:
  -Application signed by client for Export Documentary Collection.
  -Fresh Funds coverage in case Banque BEMO sal adds its aval under Documentary Import Collection.
  -Fresh Funds against payment of Import Documentary Collection.

Key Risks Associated with this Product/Service

Main risks to the exporter:
-Non-payment risk: The collecting bank is not engaged to pay under a Documentary Collection. Exporter may seek to have importer's bank undertaking in order to eliminate non-payment risk.
-Commercial Risk: Non acceptance of ''Documentary Collection'' by the importer (i.e. non withdrawal of documents and goods).

Main risks to the importer:
- Performance Risk: Goods received with inferior quality or different specifications.

Notes

In view of the changing and volatile market conditions, clients are invited to regularly check with their designated Relationship Manager for any amendment in terms of the published Key Fact Statements.