

Documentary Collections

Product Description Sheet

AIB Global Treasury Services



As Collections do not provide any guarantee of payment, they are more widely used where the Importer and Exporter have established a good trading relationship.

Product Description

The Importer agrees to pay for goods only upon receipt of documents evidencing the shipment of the goods by the Exporter.

The Exporter sends the documents through his bank to the Importer's bank. The Importer's bank collects the proceeds on behalf of the Exporter. It is important to note that the Importer's bank is primarily responsible to the Exporter for the handling of the documents even though the Exporter is not a customer.

The documents can be released to the Importer in either of the following ways -

1. Against Payment (D/P Collection) i.e. immediate payment by the Importer.
2. Against Acceptance (D/A Collection) i.e. against a commitment to pay at some future date. This is normally evidenced by the Importer accepting a Bill of Exchange (B/E) drawn on them by the Exporter or by issuing a Promissory Note in favour of the Exporter.

Collections are subject to The Uniform Rules for Collections issued by the International Chamber of Commerce.

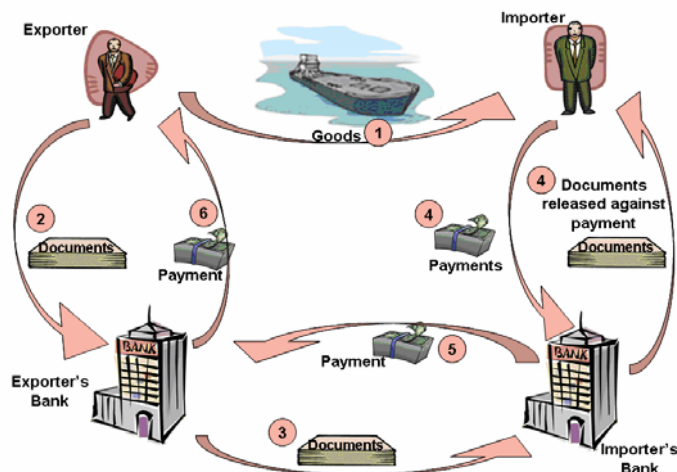
(See opposite and over for Product Diagrams).

Product Benefits

- Goods are dispatched to the Importer without any pre-payment or guarantee of payment. Payment or a commitment to pay is only effected against documentary evidence that the goods have been shipped.
- No payments are made unless requested through the Importer's bank. This reduces the likelihood that an invoice will be paid in error by the Importer's accounts department.
- D/A Collections can provide access to cheap trade credit as Exporters are often more willing to extend credit terms when the Importer is prepared to formally acknowledge the debt.
- The Importer retains control over the payment decision.

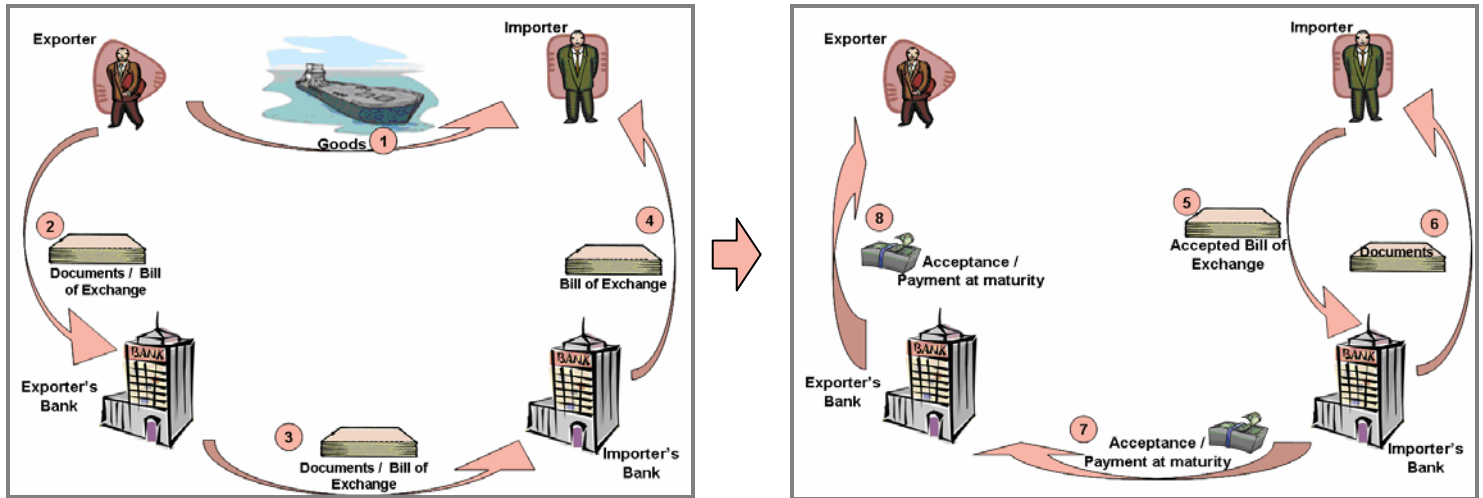
Cash Against Documents (D/P Collections)

Where no credit terms have been agreed.



Cash Against Acceptance Collections (D/A Collections)

Where a credit term (e.g. 60 days from shipment date) has been agreed.



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OR OUR TRADE FINANCE TEAM ON 01-6093868**

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