

Export Letters of Credit

Product Description Sheet

AIB Global Treasury Services



Exporters face the greatest risk in international trade unless they can secure payment in advance of shipping their goods. However, the competitive nature of the world economy often demands that Exporters ship their goods before receiving payment.

Product Description

Letters of Credit (L/Cs) provide Exporters with the confidence to allow them to ship their goods in advance of the receipt of payment. A Letter of Credit is a conditional payment guarantee provided by the Importer's bank to the Exporter. The Exporter normally receives the payment guarantee prior to the shipment of goods. The payment guarantee is conditional upon the Exporter providing documentary evidence of the shipment of goods in accordance with the terms of the Letter of Credit. The Importer's bank will guarantee the payment to the Exporter either immediately upon receipt of the correct documents or at some future determinable date e.g. 60 days from sight (by the bank) of the shipping documents or 90 days from Bill of Lading date. Letters of Credit are issued subject to the Uniform Customs and Practice for Documentary Credits issued by the International Chamber of Commerce. (See over for Product Diagrams)

Product Benefits

- Payment is guaranteed by the Importer's bank prior to shipment.
- The conditional nature of the payment guarantee provides the Exporter with control in securing the funds.
- L/Cs can eliminate an Exporter's risk of non-payment as a result of default by the Buyer.
- L/Cs can be confirmed (i.e. the credit risk of the Importer's bank can be underwritten by the Exporter's own bank), thus eliminating an Exporter's risk of non-payment resulting from default by the Buyer, their bank or a country risk event.
- L/Cs can provide access to post shipment non-recourse financing.
- L/Cs reduce the need for a credit control function.
- L/Cs provide certainty in relation to the payment date (facilitating booking forward to cover any foreign currency exposures).

TradeAccess

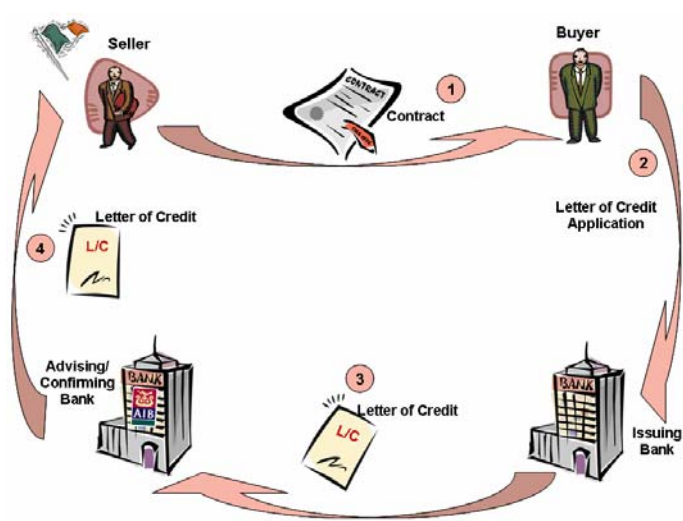
High volume users can benefit from **TradeAccess**, AIB Global Treasury Services' online Trade Finance portal, which is designed to assist Exporters in the convenient, efficient and secure online management of their Letters of Credits. It has been developed to assist in the streamlining and automation of International Trade activities, ultimately delivering greater control over country, commercial or performance risks.

TradeAccess delivers the following:-

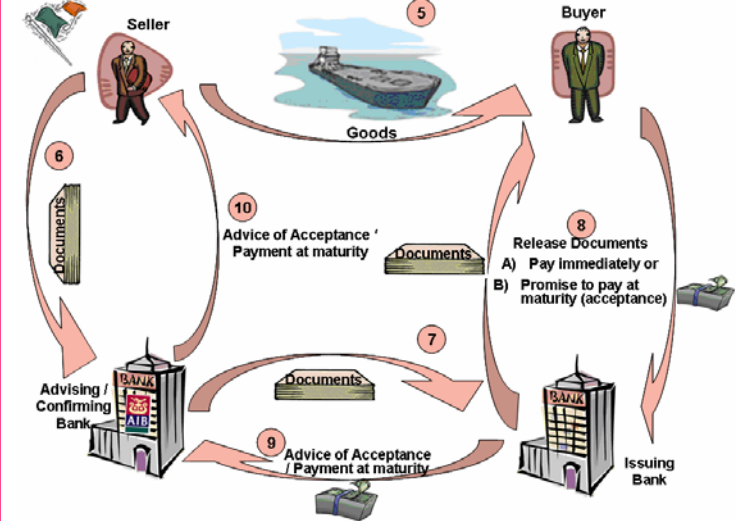
- Online access to details of Import and Export L/Cs, including the image of both incoming and outgoing L/C texts.
- Immediate notification by email of all new activity, for example receipt of new L/Cs, amendments and payments activity.
- A comprehensive suite of standard management reports covering all aspects of your transaction activity. These reports may also be customised to meet your specific requirements and can be downloaded quickly to Excel format.
- As a web based service you can review and approve your transactions from your office or from other locations.

**THIS DOCUMENT IS FOR INFORMATION PURPOSES
FOR FURTHER INFORMATION PLEASE CONTACT YOUR RELATIONSHIP MANAGER
OR OUR TRADE FINANCE TEAM ON 01-6093868**

Steps 1 – 4 Issuance



Steps 5 – 10 Negotiation



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