

# Import Letters of Credit

## Product Description Sheet

AIB Global Treasury Services



An import Letter of Credit is one of the most secure methods of importing goods... and it allows you to control shipping dates or facilitates a shipment schedule.

### Product Description

Many Exporters will not provide goods unless they receive payments in advance or are guaranteed payment by a bank. A Letter of Credit is a conditional payment guarantee provided by an Importer's bank to the Exporter. 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 (L/C). 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

- The Importer's bank takes on the responsibility of paying the Exporter, reducing the administration of the accounts payable function in the Importer's office.
- The Importer's bank is only authorised to effect payment for documents that comply with the terms and conditions of the L/C. In the event that documents do not comply with the terms and conditions the bank must refer to the Importer before payment is effected.
- The provision of a bank guarantee of payment may enable the Importer to negotiate extended trade credit terms.
- Using Letters of Credit with extended credit terms may be a relatively cheap source of credit when compared to overdrafts.
- Multiple payments can be effected under one Letter of Credit.

### TradeAccess

High volume users can benefit from **TradeAccess**, AIB Global Treasury Services' online Trade Finance portal, which is designed to assist Importers 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.

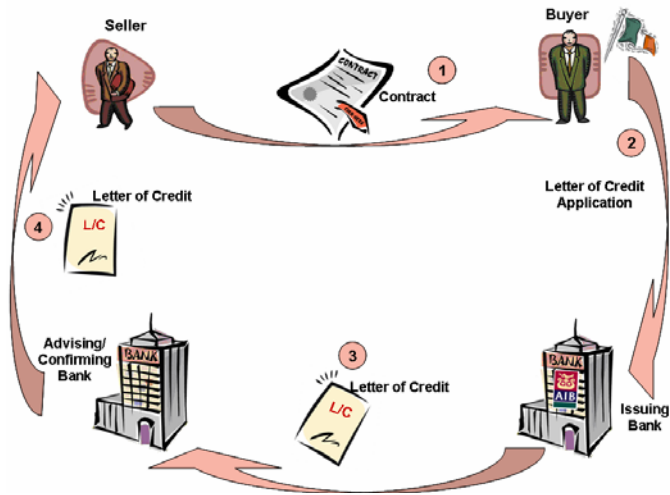
### TradeAccess delivers the following:-

- Significant time savings in the preparation and submission of L/C and Guarantee applications through user-friendly templates.
- Online access to details of Import and Export L/Cs, including the actual scanned image of both incoming and outgoing L/Cs.
- Immediate notification by email of all new activity, for example, receipt of new L/Cs, amendments and payments and collections activity.
- A comprehensive suite of standard management reports covering all aspects of transaction activity. These reports may also be customised to meet specific requirements.
- As a web based service transactions can be reviewed and approved from any location.

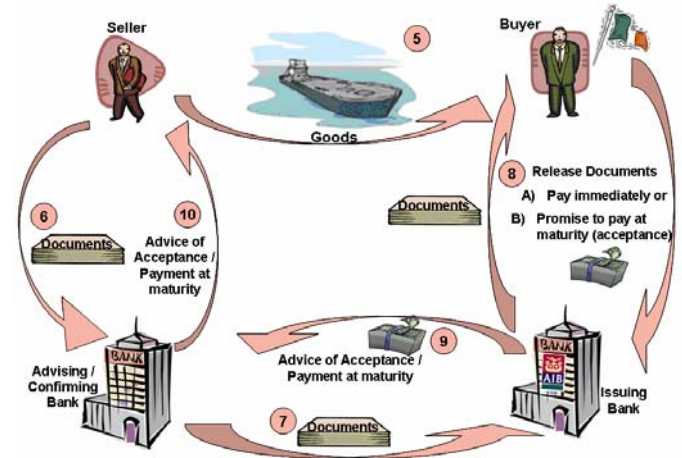
Import Letters of Credit, Standby Letters of Credit and Guarantees are subject to credit approval.

**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



**AIB Global Treasury Services is a registered business name of Allied Irish Banks, p.l.c.  
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