

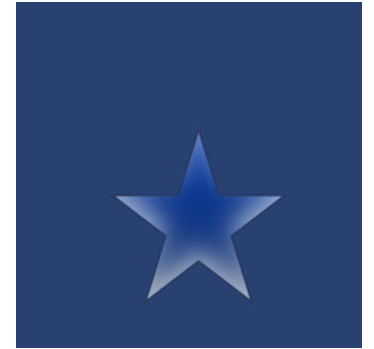


The Riddle of the Exporter

International Payment Procedures

Topics

- Credit Risk
- Payment Procedures
 - Most common payment methods
 - Letters of Credit
- Finance Options





© www.123f.com

Alphabet of Acronyms

- Anti-boycott language
- ICP- International Company Profiles
- LC-Letter of Credit
- SDN-Specially Designated National
- SWIFT-Society for Worldwide Interbank Financial Telecommunication
- Names for seller:
 - Exporter
 - Beneficiary
 - Drawer
- Names for buyer:
 - Importer
 - Applicant
 - Drawee
- Banks:
 - Advising
 - Confirming



Credit Risk

- ICP-International Company Profiles (DOC)
 - Provides bank & trade reference, key officers, product lines, # of employees, sales volume, financial data, reputation, U.S. customers, and recent news
- Dunn & Bradstreet
- Graydon, UK
 - <http://www.graydon.co.uk>
- Credit Worthy- list credit agencies by country
 - <http://www.creditworthy.com/providers/agency.asp>

- UK Credit Reports
- International Credit Reports
- Samples »**
- Ledger Management
- Risk Monitoring
- Automated Credit Decisioning
- Fraud Prevention
- Marketing Lists
- Data Integration
- Product Selector

Home » Products & Services » International Credit Reports » **Samples**

International Credit Reports - Samples

We have a range of sample International credit reports for you to view to better understand what you will get. Click on the links below to view these reports:

Europe:

- [France](#)
- [Germany](#)
- [Italy](#)

Global:

- [Canada](#)
- [China](#)
- [Saudi Arabia](#)
- [Japan](#)
- [USA](#)

You might also be interested in the following credit reports and products:



International - Full Credit Report

GRAYDON
credit risk intelligence
13 January 2011 14:19:5

1 Report Details

Supplied on	13 January 2011
Subject Reported on	Euler Hermes Forderungs- management GmbH 254 Friedensallee Hamburg 22763 Germany
Registration Number	HRB 40548, Hamburg
Client Reference	*NONE

2 Dashboard



creditworthy

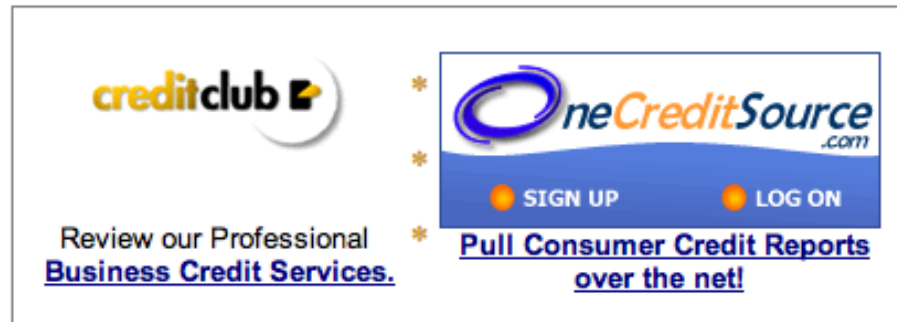
The Premier Business Credit Resource on the Net!™


- | [Credit Topics](#)
- | [Credit Providers](#)
- | [Credit Club](#)
- | [Free Credit Newsletter](#)
- | [Industry Credit Groups](#) ^{NEW!}
- | [Information Center](#)


Making the world
a safer place
to do
business. 



[credit club info / join](#)



creditclub 

*  [OneCreditSource.com](#)

* [SIGN UP](#) [LOG ON](#)

* [Pull Consumer Credit Reports over the net!](#)

Review our Professional [Business Credit Services.](#)

Creditworthy News - 4/14/11 Edition

PRINCIPALS OF COLLECTION

By David Balovich, CCC

Because of understaffed and sometimes untrained credit and collection departments, collection personnel are often putting out fires, going from one collection crises to the other. As a result, they often must focus on one objective – collect the money – while making other objectives secondary.

Although collecting the money is obviously a high priority for the collection staff, they obviously must not allow it to become their only goal. Basically, there are four objectives in collecting that the collection staff should constantly aim for:

U.S. Credit Reporting Agencies

[Compunet Credit Reports](#) - Transportation Industry.

[Coface](#)

[Credit.net](#)

[Creditntell](#) - Public & Private Retail Businesses

[Credit Reports * World](#) - International Reports

[Credit Reporting Alliance](#) - Specialty Food, Gift, etc.

[Dynamar Group](#) - Intn'l Shipping Credit Reports

[Dun & Bradstreet](#) - U.S. and International

[eCredit Transportation](#) - Transportation

[Equifax](#) - U.S. & International

[Experian](#) - Business & Consumer Credit Reports

[F & D Reports](#) - Food & Drug Mfg & Distributors

[FCIB](#) - International

[FoodONE a Div of Seafax, Inc](#) - Food Industry

[Graydon America](#) - International

[Kreller Business Information](#) - International

[Lloyd's MIU](#) - Marine

[Lyon Credit Services](#) - Home Furnishings & Giftware Industries

[Owens Online](#) - International

[Red Book Credit Services](#) - Produce & Floral

[Seafax](#) - Food Industry

[Transcredit](#) - Transportation Industry

[TransUnion](#) - Consumer Credit Reports

[Truckload Credit](#) - Transportation Industry

Argentina

[Fidelitas S.A.](#)

[Info Group](#)

[Sintesis Srl](#)

[Veraz S.A.](#)

Australia

[Australian Business Research \(ABR\)](#)

[Creditnet International](#)

[Debt Management Group](#)

[Global Credit Solutions](#)

[Kemps Group \(KMA\)](#)

[TCM Group](#)

Payment Procedures



Least Risk

Cash in Advance

Letter of Credit

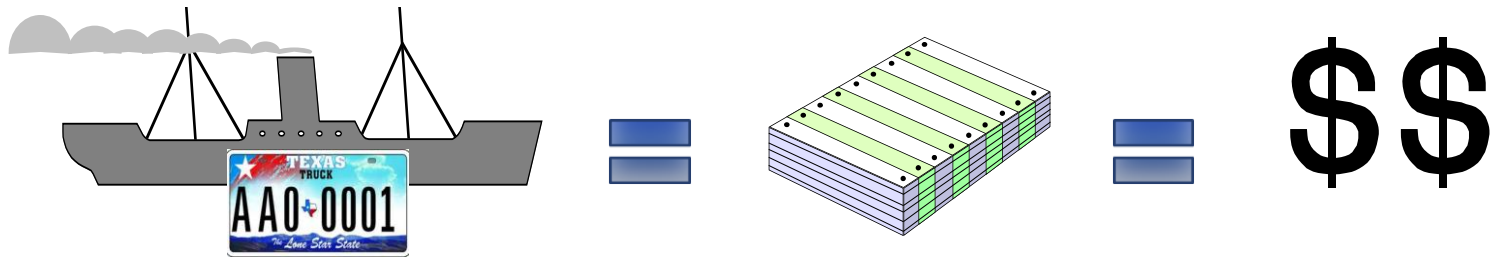
Confirmed or Advised

Documentary Collection

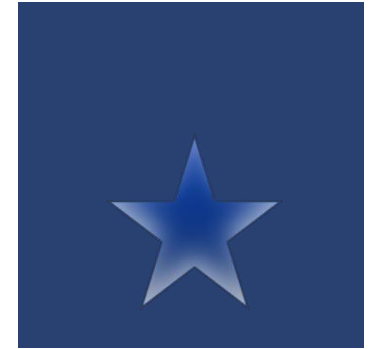
Open Account

Highest Risk

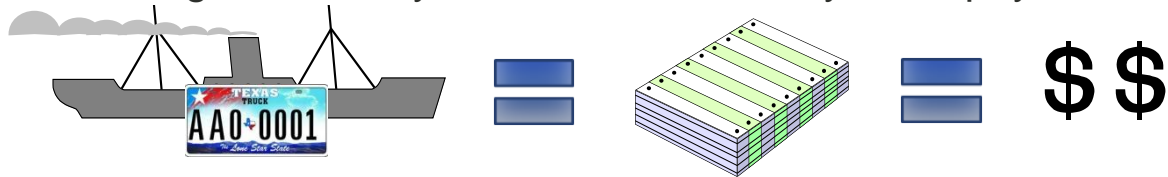




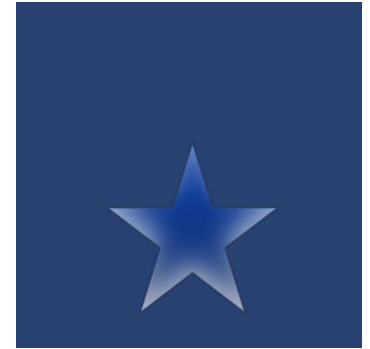
4 Most Common Payment Procedures



- #1 Cash in Advance-Show Me the Money!
- #2 Documentary Collections-Show me the Docs!
 - An exporter ships the goods but instructs bank to collect the money from the buyer in exchange for the transfer of title, shipping and other docs. The bank acts only as an agent. There is no guarantee by the bank that the buyer will pay.



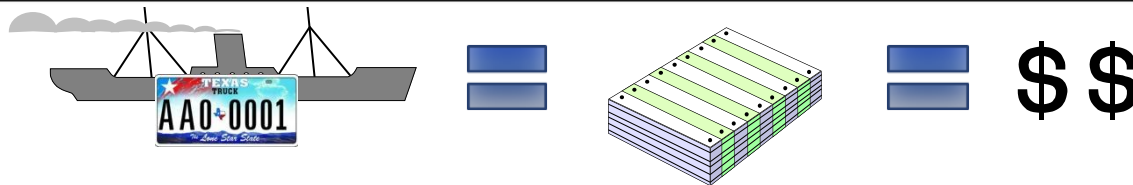
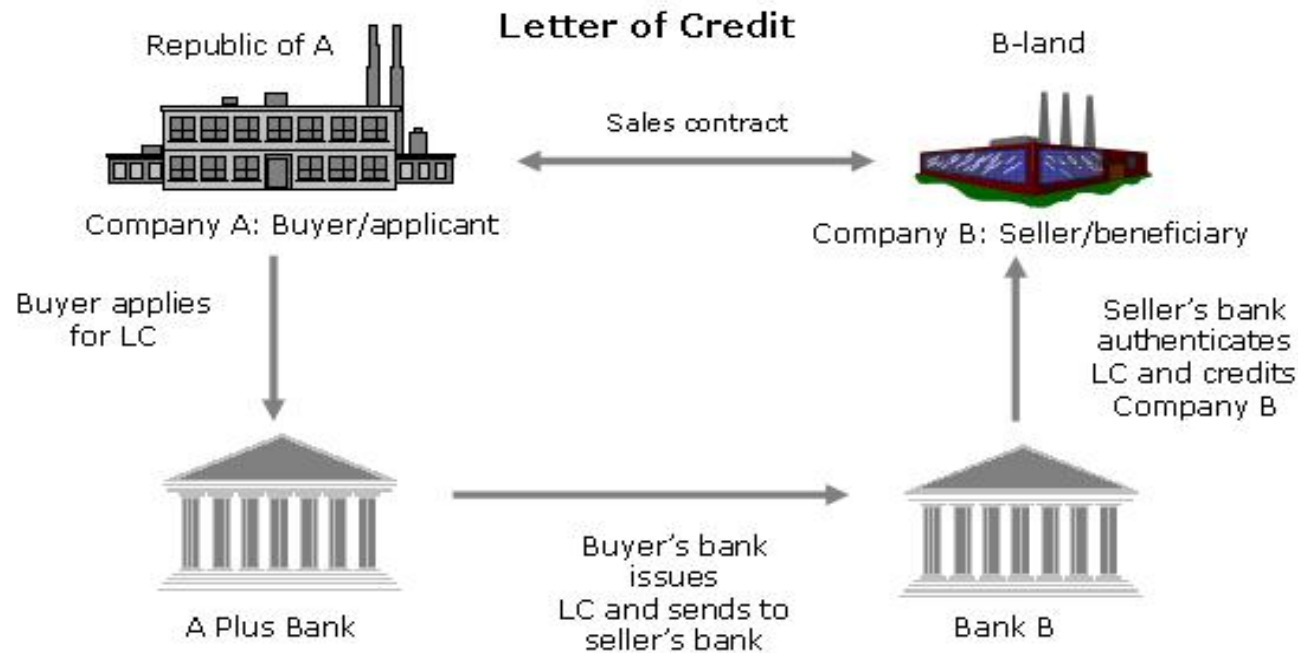
- #3 Open Account-Show Me the Money, Maybe!!!
- #4 Letter of Credit



Letter of Credit

- Definition
 - A letter of credit is a document issued by a bank to an individual or corporation by which the bank substitutes its own credit for that of its customer
- Payable against presentation of documents which comply 100% with terms in LC
- Telexed via SWIFT
- Parties in an LC
 - Seller=Exporter=Beneficiary=Drawer
 - Buyer=Importer=Applicant=Drawee
 - Banks=Yours and Theirs/Confirming and/or Advising

LC in pictures



LC Tips & Cautions

No Stale Docs



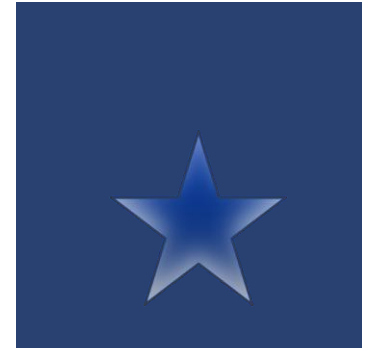
- Must dot every **i** and cross every **t**.
- Match contract details, shipping dates, Incoterms to LC.-No stale docs!
- Be sure to specify who pays for the LC.
- No boycott language, no SDNs or CCCs.

Questions to Ask?

- When is it advisable to use an LC?
 - Cost vs. Risk
- Who pays for the Inspection?
 - SGS
(Société Generale de Surveillance)
Testing/Inspection Services will inspect anything, anywhere; quality and count. SGS certs are recognized by most worldwide banks as bonafide documents.
- Who pays for the LC?
- What about amendments or stale docs?



Other Methods of Payment



- SBA
- Export-Import Bank
- Private Funding
- Factoring-third party purchase of invoices
- Forfeiting- similar to factoring but for larger \$\$\$ and longer terms

SBA



3 Types Loan Programs

- Export Working Capital Program
 - Up to \$2M/90% guarantee
- Export Express
 - Up to \$250K/90% guarantee to bank
- International Trade Loan

Loan Requirements

- Must meet SBA size standards & requirements
- Based on NAICS
- 500-1500 employees
- 12 months in business or proven expertise
- Standard requirements-good credit, no criminal history etc.



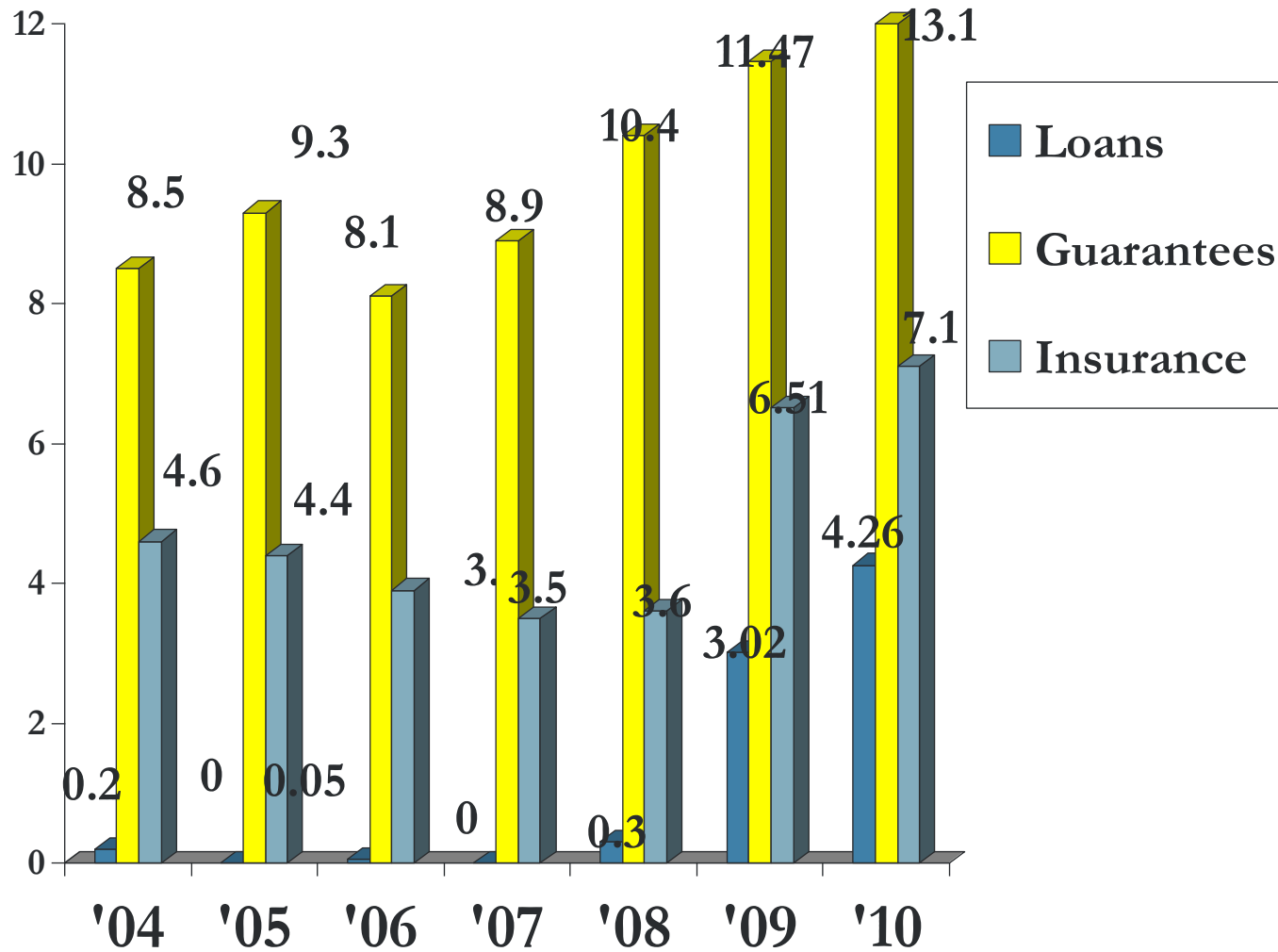
Ex-Im Bank

Ex-Im Bank Goals

- Ex-Im Bank is an independent agency of the United States. Established 1934.
- Goals
 - Over 85% of loans to SME
 - Minimize risk
 - Level the playing field
 - Supplement commercial loans
- Rules
 - 51% U.S. content
 - No military
 - Cannot harm U.S.

Ex-Im Bank Programs

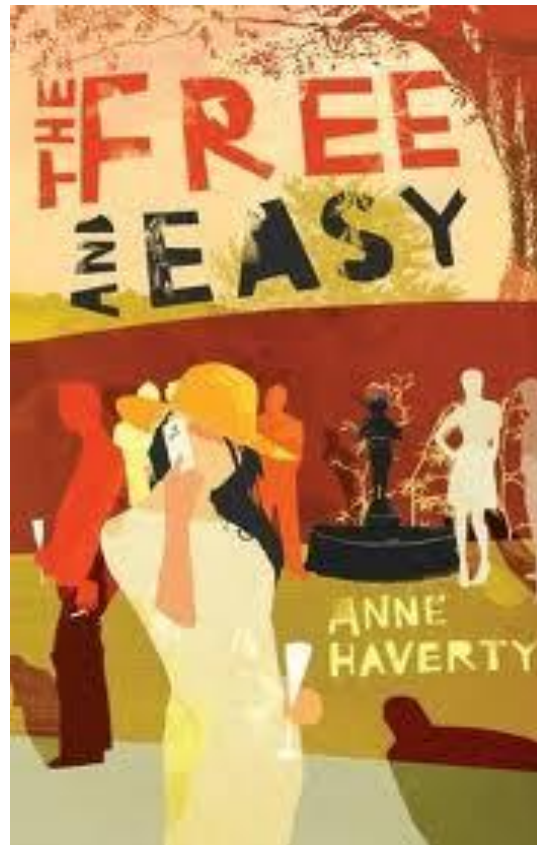
- **Working Capital Guarantee**
 - Advance rates up to 90% of export accounts receivable.
 - Loans can be transaction-specific or revolving
- **Export Credit Insurance**
 - Risk Protection-Insures you against non-payment by your foreign buyers due to commercial and political risks
 - Allows Competitive Pricing-insuring payment so can offer open terms
- **Direct Loans**



LC It's Own Riddle



End of:



15 Steps in an LC Transaction



#1. Buyer and Seller agree on Letter of Credit (LC) transaction, at sight.

- LC Instructions from Seller to the buyer should be as complete as possible.
- The buyer will want to consider pricing to include additional costs related to a LC transaction.
- Be aware of US regulations regarding Office of Foreign Asset Control (“OFAC”); Blocked Countries (CCC) and Specially Designated Nationals (“SDN”): internet address: <http://www.treas.gov/ofac/>”

15 Steps in an LC Transaction



#2. The Buyer/Applicant/Importer applies for an LC at their bank (issuing bank):

- The text of the LC should be brief and not contain too much detail.
- The detail should be contained in the Purchase Order
- Seller may provide the buyer with an expanded instruction list as to the terms that should be contained in the LC.

15 Steps in an LC Transaction



#3 Issuing bank issues the LC and forwards it to the seller's bank (Advising Bank)

- Issuing bank's credit decision is based on same criterion as for a loan-LC issuance could be on secured or unsecured basis.

#4. Advising Bank authenticates the LC and forwards it to the Seller .

- If seller(beneficiary) (exporter) so requests, and if the LC states the request on its face, the Advising Bank might also add its confirmation to the LC.

15 Steps in an LC Transaction

#5 Seller (seller/exporter/beneficiary) reviews the terms of the LC to make certain that it matches the terms of sale originally agreed to between Seller and the buyer.

- If it doesn't then Seller may ask for an amendment to the terms of the LC

#6 Seller ships goods in accordance with LC instructions and obtains Bill of Lading from carrier.

#7 Seller prepares documents exactly in accordance with terms of LC and rules.

15 Steps in an LC Transaction



#8 Seller presents documents to advising (or confirming bank).

#9 Advising Bank checks documents against LC and rules.

#10 If no discrepancies in documents, the advising bank forwards the documents to the issuing bank per instructions in the LC.

Depending on how the LC reads, the Advising Bank will pay the beneficiary after receiving the funds from the issuing bank. If the LC is confirmed, the confirming bank will usually pay immediately or no more than three days.

15 Steps in an LC Transaction



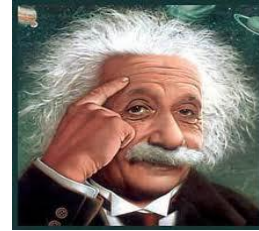
#11 Advising bank sends docs to Issuing Bank.

#12 Issuing Bank checks docs against LC and rules

#13 If agree that there are no discrepancies in documents, Issuing Bank debits buyer and reimburses negotiation/paying bank

#14 Issuing bank delivers documents to buyer.

#15 Buyer delivers documents to custom' s broker to process goods through customs and receives goods.



Skill

- What are the key points of this session?
- Name the acronyms or terms that are important to take away.
- What are the key questions to ask?
- What are the next steps?
- What are the red flags to watch out for?
- Any great tidbit of information?



Sources

- <http://www.exim.gov/>
- <http://www.sba.gov/about-offices-content>
- <http://www.treas.gov/ofac/>
- Lynne Byerly, Sr. VP International, Bank of Texas, Dallas, TX
- Kathy Jiang, Sr. VP, Bank of America, Dallas, TX
- Kelly Kemp, Southwest Region, Export-Import Bank, McKinney, TX
- Rick Schulze, Texas Region-International, SBA, Grapevine, TX
- Tracy Khoury, V.P. International Services, J. P. Morgan Chase,