

# Documentary Collection

**Do you need extra security when doing business internationally? Then Documentary Collection is the answer.**

## Introduction

A Documentary Collection is a payment form which can be used by a Seller in order to strengthen his/her position in a transaction. In a Documentary Collection, the Seller's and Buyer's banks channel the documents but they do not undertake to make any payments themselves. A Buyer does not require a credit limit at his/her bank if importing on a collection basis, unlike other methods of international trade where a suitable credit facility, such as Documentary Credits, is required.

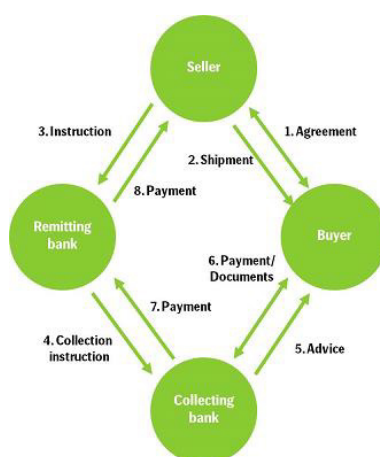
## When is a Documentary Collection appropriate?

- For delivery of goods that can be sold to other parties in the event that the Buyer does not pay.
- When the commercial risk of the Buyer and the Buyer's country is small and when Buyer and Seller have confidence in their counterpart.

## How does it work for the Buyer and Seller?

The Seller submits documents to his/her bank as specified in the contract between the trading parties. Usually a transport document, an invoice, an insurance document, specifications and certificates, where

applicable, are presented by the seller to the remitting bank (Seller's bank). The documents, including an instruction, are sent by the remitting bank to the collecting bank (Buyer's bank) and the collecting bank must follow the remitting bank's instructions. The collecting bank is not therefore allowed to deliver the documents to the Buyer unless he/she has 1) accepted a draft (Bill of Exchange) where the Buyer accepts to pay the collection amount at maturity or 2) paid the collection. Consequently, the Buyer will not have access to the goods until the draft is accepted or the collection is paid.



## Usual collection instructions:

- Documents against payment (D/P), also known as cash against documents (CAD), means that documents will be delivered to the Buyer against payment.

- Documents against acceptance (D/A) is when the buyer accepts a draft on the collection amount and undertakes thereby to pay the acceptance at maturity.

## Advantages:

For the Seller:

- Documents cannot be delivered to the Buyer unless the Buyer pays the collection amount to the collecting bank
- Fast and easy handling
- Low costs
- Payment will be traced by the Seller's bank in case of delayed payment

## For the Buyer

- Fast and easy handling
- Low costs
- The speedy handling reduces warehousing costs
- Bank credit limits is not needed.

The security in a Documentary Collection can be strengthened by various means. Please contact us for more information.

## International rules

The international Chamber of Commerce, ICC, Uniform Customs and Practice for Collections Publ. No 522(URC 522)

## Information

For more information, please contact your local Trade Finance Customer Support.