

Solutions For Importers

# Import Documentary Credit Solution



# Comprehensive DC-issuance solution your suppliers will trust

## Your needs

This is the solution for you if:

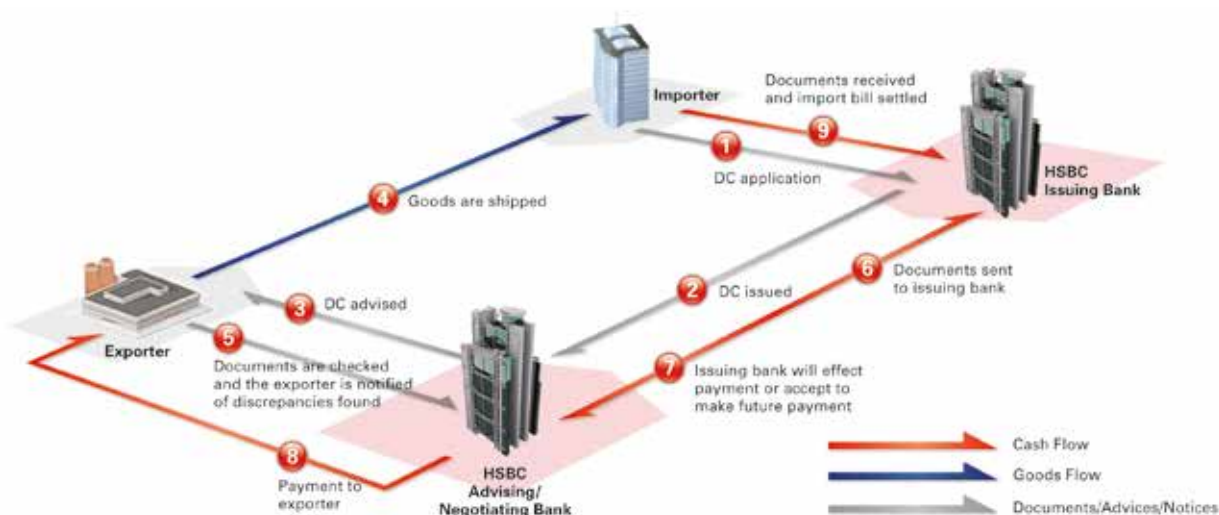
- You do not want to make payment without evidence that your supplier has shipped goods and submitted documents specified by you.
- Your supplier wants payment assurance from a world-class financial institution.
- Your supplier needs additional assurance of payment before shipping goods.

## Product features

- **Additional payment assurance for your supplier.** By issuing a DC, your bank undertakes on your behalf to make payment to your supplier against presentation of compliant documents within the validity of the credit.
- **Full range of services.** Take advantage of DC issuance and import DC bill processing, plus a range of related products, to fulfill your trade requirements end-to-end.
- **Documents and payment processing under international rules.** Trading under DC terms helps protect buyers and sellers because document handling is subject to international rules and regulations\*.
- **Different methods of payment.** The terms of a DC can specify payment at sight or at a future date to accommodate the credit terms agreed with your suppliers.
- **Variety of DC types to suit your business needs.** Common types of DCs available include:
  - Transferable and Back-to-back DCs, which enable your supplier or agent to leverage the strength of your DC when purchasing from their suppliers.
  - Revolving DCs, which provide you with additional flexibility to accommodate multiple future shipments from your suppliers.

## How it works

The diagram below illustrates the process flow of a typical DC transaction:



## Benefits to you

- **New market opportunities.** Payment will only be made if your supplier has complied with all the terms and conditions prescribed in the DC. As a result, a DC can help you expand your business and deal with new business partners in unfamiliar territories.
- **Potential to improve pricing and terms.** A DC issued by HSBC provides additional assurance to your suppliers, giving you additional leverage to negotiate more favourable pricing and longer payment terms.
- **Accelerated cash flow.** You can accelerate your cash flow by using DCs in place of deposits, and/or advances financed by import loans, overdrafts or your own cash reserves.
- **Control over payment.** Payment to your suppliers will only be made upon presentation of the required compliant documents within the validity of the credit.

## Risk characteristics

Under a DC, you are obligated to pay if the supplier presents compliant documents, even if the goods are damaged or do not meet your expectations. You can take additional steps to enhance protection by:

- Verifying the supplier's reputation, financial standing and ability to produce the goods required; and obtaining samples of goods.
- Ensuring your DC calls for a certificate of inspection issued by an independent inspection agency, showing a report of 'clean findings' certifying that goods meet the standard as clearly defined by criteria set out.

## Related products

- **Full cash-backed Documentary Credit.** Quickly and easily issue a DC by paying cash upfront without establishing formal credit facilities.
- **Import finance.** Obtain funding against your future sales to pay your suppliers upfront.
- **Shipping guarantee/delivery order/air waybill release.** Allows you to take control of goods without presenting an original copy of transport documents when goods arrive before the documents, thereby avoiding additional storage fees or demurrage charges.
- **Pre-set exchange rates and forward contracts/options.** Protect your business against future currency fluctuations by fixing an exchange rate upfront.

## Contact points

For further information please contact your HSBC Relationship Manager or Trade and Supply Chain specialist today.

If you do not have a Relationship Manager, or are not an HSBC customer, call us on 2380 1843 during office hours or contact Commercial Banking Contact Centre on 2380 8000 from 8.00am to 5.00pm Monday to Friday (excluding public holidays). Alternatively you may visit [www.business.hsbc.com.mt](http://www.business.hsbc.com.mt)

Trade and Supply Chain  
HSBC Bank Malta p.l.c.  
Business Banking Centre  
80 Mill Street, Qormi QRM 3101 Malta

\* HSBC handles DC transactions in accordance with the Uniform Customs and Practice for Documentary Credits (UCP), a set of international standards for the handling of Documentary Credits through financial institutions. The rules are published by the International Chamber of Commerce (ICC).

HSBC has sole discretion to make funding decisions for individual transactions and will retain recourse to you after funds are advanced. An HSBC trade account relationship, approved trade-finance facilities and trade-finance agreement are required. Additional terms and conditions may apply. Trade and supply chain transactions may be subject to credit approval. Other restrictions, including specific country regulations, may apply. Foreign currency exchange rates may apply to certain trade transactions. Certain products and solutions contained herein may not be offered in every market. Check with your local HSBC Trade and Supply Chain specialist for a full product offering in your country.

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