1. Letter Of Credit

An import Letter of Credit is an unconditional undertaking, given by a bank (the "Issuing Bank") at the request of their customer (the Applicant or Importer) to pay the Beneficiary (or Supplier) against stipulated documents, provided all the terms and conditions in the Letter of Credit are complied with.
The Issuing Bank can:

- Undertake to make payment to or to the order of a third party (the "Beneficiary") or to accept and pay bills of exchange (or drafts) drawn by the beneficiary at sight or on a fixed future date.
- Authorize another bank (normally in the exporters' country) to effect such payment, or to accept and pay such bills of exchange on a fixed future date
- Authorize another bank to negotiate against compliant documents

Standard Chartered can issue sight or usance Letters of Credit through its extensive network of Group offices and correspondent banks globally.

Benefits

- Under a Letter of Credit, the payment risk is effectively transferred to the Issuing Bank (Standard Chartered). You can therefore negotiate better price discounts with your suppliers or request extended credit terms to help improve your own cash flow because your import payment is guaranteed by Standard Chartered upon presentation of compliant documents by the beneficiary.

- You are also assured that payment or acceptance will not be made unless the documents called for under the Letter of Credit and the terms and conditions of the Letter of Credit are strictly complied with

- You maintain control over the transaction through the Letter of Credit mechanism. You can, for example incorporate a latest date for shipment, payment terms and specific documentary requirements all of which are irrevocable and therefore require the agreement of the Issuing Bank, Confirming Bank (if any) and beneficiary before they can be revised

2. Other types of Letter of Credit

Standby Letter of Credit (SBLC):

- A SBLC operates like a Bank financial guarantee, with the main differentiating factor being that it is governed by the current version of UCP or ISP98.Functionally, a SBLC is a similar instrument to that of a Letter of Credit in that it serves as an obligation on the part of Standard Chartered to pay a beneficiary (your customer) based on their written demand certifying non-fulfillment of contracted terms or against stipulated documents

  However, payment under a SBLC is typically triggered by a negative event such as non-performance, whereas payment under a Letter of Credit is typically triggered by shipment of goods. SBLC's may be used to guarantee delivery of goods on an open account basis, repayment of trade loans, or securing payment for goods and services delivered by third parties

- Transferable Letter of Credit: A transferable Letter of Credit is one that can be transferred in full or partially by the original beneficiary to one or more second beneficiaries. Such Letters of Credit are usually issued when the ultimate buyer needs a type of commodity or goods but can only buy them through an intermediary because the latter has a relationship or sole distributor rights with the manufacturers or producers of such goods. Under such arrangements the intermediary commits little funds to the transaction and can normally hide the relationship between the Ultimate Buyer and Ultimate Seller

- Revolving Import Letter of Credit: In a revolving Letter of Credit the credit amount can be renewed or reinstated without specific amendments to the Letter of Credit being required. A revolving Letter of Credit can revolve in relation to time or value .If it revolves by time, a Letter of Credit may be available for an agreed value against a predefined number of times - for example, USD100,000 every month for 12 months. If the LC revolves by value, the Letter of Credit amount is usually reinstated after utilization for a potentially unlimited number of times during the validity of the Letter of Credit. Typically, revolving Letters of Credit are used in situations where constant and regular shipments from the same supplier are effected over a given period although it is possible to limit your exposure at any one time

- Red Clause Letter of Credit: A red clause Letter of Credit facilitates pre-shipment finance for the beneficiary. It is often used to assist suppliers in paying for materials and labour or perhaps a middleman who needs financing to conclude a transaction. It is useful in situations where your supplier is trusted but has difficulty in sourcing the raw materials or

goods unless payment is made in advance. You should be aware that, in the event your seller does not perform under the L/C, you, as applicant would still be liable for settlement of the advanced funds.

- Back-to-Back Letter of Credit: A back-to-back Letter of Credit is issued using an existing export L/C opened in your favour with consistent terms and conditions as security and the source of repayment. Similar to Transferable Letters of Credit the buyer will not normally know the ultimate supplier and you can therefore supply the buyer without divulging sensitive information

Bank Requirements

- An approved credit facility for the issuance of such Letters of Credit

- Application for the opening of the Letter of Credit or amendment to the Letter of Credit should be made on the Bank's standard form and duly signed by authorized signatories of your company consistent with the Bank's records

- The authorized signatories of the company should sign any annexure for special or additional conditions to be incorporated in the text of the Letter of Credit. Such conditions should be concisely stated and where applicable, must mention the supporting document to be presented under the Letter of Credit

- The Letter of Credit application should be accompanied by a sales contract or a confirmed purchase order or a proforma invoice from the supplier. The details stated in the L/C application should be as per the contract / proforma invoice, specifically with respect to tenor, value, commodity and Inco terms

- The application should be properly completed and all terms and conditions must be clear, precise, workable, technically correct and subject to the current version of UCP. The importation of goods should not be subject to any boycott, blacklisting or contravene any regulations, Standard Chartered's sanction policy or International sanctions issued by any government agency

- Evidence of insurance in case of FOB or CFR contracts indicating the Bank as co-insured or loss payee or with the Bank's interest noted on the policy

3. IMPORT BILLS FOR COLLECTION

Exporters can instruct their Bank (called the "Remitting Bank") to send commercial documents (such as invoices, Bills of lading or Airway Bills) or financial documents (such as Bills of Exchange) on a collection basis to the "Presenting Bank", normally located in the Importers' country. Upon receipt of such documents, Standard Chartered will acknowledge receipt and release documents strictly in accordance with instructions received from the Remitting Bank either against payment (if the collection instruction calls for documents against payment or D/P) or acceptance (if the collection instructions call for documents against acceptance or D/A).

Collections can be further defined into two categories, Documentary and Clean Collections. Documentary Collections are the most common form of collections, and usually comprise of both financial and commercial documents which would required in order to obtain delivery of goods. On the other hand, clean collections comprise financial documents only, which typically represent an outstanding debt or acknowledgement of payment to be made at a later date.

Benefits

- Documentary collections are a more secure method of payment than advance payment as they can provide comfort to an importer that goods have been shipped and, if an independent inspection certificate is presented comply with the order specifications

- As an importer, you may be able to negotiate for better credit terms (such as making payment 30 days later) rather than paying the exporter at sight because the documents are handled by banks.

- As the importer you do not have to make payment until the goods have been shipped and can negotiate better credit terms with your supplier because documents will be handled through the banking system

Bank Requirements

- Standard Chartered will only handle documents under collection that are subject to Uniform Rules for Collection, 1995 Revision, ICC Publication No 522 and presented through a Remitting Bank

4. IMPORT LOANS

An import Loan is a short-term cash advance (with recourse) that enables you as an importer to meet your immediate payment obligations under a sight or usance Letter of Credit presentation or Import Documentary Collection. Under such arrangements, Standard Chartered finances your import commitments by making payment against the Letter of Credit or Documentary Collection and receives payment from you at a pre-determined date in the future. Here, the credit period between the time that we provide finance and the time you repay us should be sufficient for you to either manufacture your goods for final sale or for direct sale to your end buyers.

Benefits

- You will benefit for having more financial resources to clear your goods from the port and manufacture, store or arrange for final sale to your end buyer

- The supplier is independent of the process of raising finance. They do not have to sign any documentation, but receive payment as per the original contract terms through the Letter of Credit or Bill for Collection

- As you are able to reimburse the suppliers on a sight basis or when the tenor is due, you should be in a greater bargaining position - typically in terms of the contract price

Bank Requirements

- A credit limit sanctioned for Import Loan

- Request for financing should be made in the Bank's standard form, and duly signed by authorized signatories of your company as per the Bank's records

- The Letter of Credit should call for a complete set of original bills of lading that are consigned "to order" and blank endorsed or consigned to the order of the Bank. These bills of lading and other essential trade documents will be released to you upon receipt of the duly signed trust receipt form

- The underlying goods with which Standard Chartered is financing must be suitable (i.e., the Bank reserves the right to reject financing of fashionable goods, perishable goods or price volatile goods)

- The financing period that is accorded to you must be matched to your

cash conversion cycle, which typically would be about 90 days or less but in any case should not exceed 180 days

- Financing should normally be in the same currency as the proceeds paid under the Letter of Credit or Bill for Collection. However, if the financing were in domestic currency you would need to enter into a forward FX deal with Standard Chartered

5. SHIPPING GUARANTEE

A shipping guarantee is issued by Standard Chartered on your instruction when the vessel carrying the goods arrives earlier than the original bill of lading and you are required to clear the goods or face the possibility of incurring demurrage charges.
Under such circumstances, the shipping documents may still be in transit to the Bank or may have been lost in transit. If the goods were transported by air, Standard Chartered would issue Delivery Orders to authorize the release of goods at the airport.

Shipping Guarantees are typically only issued when Standard Chartered is the LC Issuing Bank, in which case the Bill of Lading should be consigned "to order" and blank endorsed or consigned to the order of Standard Chartered Bank.

Benefit

- You will be able to clear the goods before receipt of the original shipping documents thus avoiding demurrage charges

Bank Requirements

- A Shipping Guarantee Application on the Bank's standard form which incorporates a counter indemnity should be submitted together with the shipping company's agency indemnity form in duplicate

- An undertaking to accept all the discrepancies, if the shipping guarantee is issued against a Letter of Credit, once the documents are received along with an authority to debit your account

- An undertaking to return the original guarantee duly discharged by the beneficiary (carrier) upon receipt of original bill of lading

- Copy of related commercial invoice and Bills of Lading should be presented along with the Shipping Guarantee form. In the absence of invoices, alternative documents such as insurance policies should be used to determine the value of the goods

6. GUARANTEES

Bonds and Guarantees are written undertakings, either conditional or unconditional, issued by Standard Chartered Bank on your behalf to indemnify the beneficiary (the buyer of your goods or services, your supplier or a Statutory Board) wherein the beneficiary requires a cash deposit or a bank Guarantee as support in the event of default against the terms of contract by yourself.

Bonds and Guarantees are like a Standby Letter of Credit and are not meant to be drawn against unless a demand has to be made by the beneficiary on the Issuing Bank along with a Statement of
Default and any documents called for in the Guarantee are presented as evidence of such default.

Presently, the types of Guarantees offered by Standard Chartered include:

- Utility Guarantee
- Performance Bond
- Bid / Tender Bond
- Advance Payment Bond
- Guarantee for Supply of Goods / Services

If you have a credit facility you will be able to request us to issue your Bond / Guarantee against your Credit line, this will help you to manage your cash flow more effectively.

Bank Requirements

- Bonds and guarantees can only be issued where a specific credit limit has been established, reflecting the types of bonds/guarantees allowed

- The Bank's standard form, incorporating indemnity terms & conditions, must be used for each application for a Bond or Guarantee and signed by your authorized signatory(ies) in accordance with your bank mandate

- All formats should be provided by you, except where these are Statutory Boards' Guarantees or Bonds. The wording / format of the required. Bond or Guarantee must be in accordance with our legally approved standard format; otherwise it will be submitted for legal approval.

- Maximum tenor must not exceed 12 months. Unless approved within the limit terms or specific approval is obtained

- A copy of your contract with the beneficiary should be presented if necessary

7. Letter Of Credit Advising

Letter of Credit Advising is a service provided by Standard Chartered whereby an Issuing Bank, on behalf of the Applicant or Importer (your customer) duly transmits a Letter of Credit by SWIFT or authenticated telex or dispatches, by mail or courier to Standard Chartered and the L/C is checked for its apparent authenticity. If it is deemed to be authentic, Standard Chartered will then notify you to collect the said Letter of Credit.

Benefits

- As the Beneficiary, you may be reasonably assured that the Letter of Credit is genuine and if you present the documents stipulated under the Letter of Credit, it is unlikely that the Issuing Bank will claim that such Letter of Credit is not authentic

- If you decide to lodge the Original Letter of Credit and amendments with Standard Chartered for safe-keeping, you will not need to worry about misplacing it (Note: Original Letters of Credit are required for negotiation)

8. LETTER OF CREDIT CONFIRMATIONS

Confirmation of a Letter of Credit constitutes an undertaking on the part of the Confirming Bank, in addition to that of the Issuing Bank, to pay you, without recourse, if documents are presented in compliance with the terms and conditions of the credit.

Standard Chartered has a vast branch and correspondent banking network across the globe and is a leading player in the Middle East, Asia Pacific, Africa, Latin America and other emerging markets. We offer Letters of Credit confirmations to exporters to help them to mitigate sovereign and bank risk subject to our internal approvals.

Benefits

- Confirmation of a Letter of Credit protects you, the exporter, against Issuing Bank and country risk, which means that if you had successfully performed under the terms and conditions of the Letter of Credit, Standard Chartered will guarantee your export proceeds irrespective of whether the Letter of Credit Issuing Bank honors its obligations or not

- In gaining protection against country risks you can access new and emerging markets since the risk of non-payment are borne by the Confirming Bank

- You can secure non-recourse financing upon presentation of compliant documents Bank Requirements

- The Letter of Credit should clearly allow for Confirmation, or instruct Standard Chartered to confirm the Letter of Credit and indicate whether confirmation charges are for the account of beneficiary or applicant

- The Letter of Credit should not usually have a credit period of more than 180 days

- The Letter of Credit normally has to be restricted to Standard Chartered before the confirmation is effected

- Reimbursement should be clearly defined and available by telegraphic transfer

- All confirmations are subject to internal approvals and availability of bank and country limits.

- The Letter of Credit should not permit the original bills of lading to be sent directly to the applicant nor should the bill of lading/Airway bill be consigned to the importer

- The Parties in the Letter of Credit should not be related parties.
- The type of goods and trade should be normal for you (the Exporter) and related to your core business

9. LETTER OF CREDIT NEGOTIATIONS

Letter of Credit negotiation is defined within Uniform Customs & Practice for Documentary Credits as the "giving of value". In effect, by negotiating export documents under a Letter of Credit, Standard Chartered will pay you, the Exporter, with its own funds, and will rely on the reimbursement by the Issuing Bank at a later date. Letters of Credit that are both available at sight or usance are capable of being negotiated.

Negotiation of documents under a Letter of Credit can either be with or without recourse to you. If the export documents are compliant with the Letter of Credit terms and the Letter of Credit is confirmed by Standard Chartered, then negotiation will be without recourse to you. On the other hand, if the Letter of Credit is not confirmed, then negotiation will be with recourse to you (By recourse, we mean that in the event the Issuing Bank refuses to pay or accept documents under the Letter of Credit, Standard Chartered will have the right to claim reimbursement, with interest, on the funds that have been advanced to you).

Benefit

- You will be able to receive funds in advance, which can be used to repay the pre-shipment loans that you may have taken up to produce the goods, pay your suppliers if you were a middleman or fund your working capital requirements This is especially useful if you had granted credit terms to your buyer under the Letter of Credit

Bank Requirements

- The Letter of Credit should not usually have a credit period of more than 120 days
- The Letter of Credit must state that it is a freely negotiable

instrument (i.e. It is available for negotiation at any Bank), or state that it is available for negotiation at Standard Chartered counters.

- Standard Chartered Bank must be in possession of the original Letter of Credit

- The Letter of Credit must not be transferable.

- The Letter of Credit should not permit the original bills of lading to be sent directly to the applicant or should the bill of lading/Airway bill consigned to the importer

- The parties in the Letter of Credit should not be related parties

- Export Documents presented under the Letter of Credit must be in strict compliance with the stipulated terms and conditions Note: If the export documents are not in strict compliance you may still request for an advance of funds subject to you having an appropriate facility with Standard Chartered. However, please take note that any such advances against discrepant documents are with full recourse to you and if the discrepancies are considered by the Bank to be "material" then we will reserve the right not to advance funds against such Letters of Credit

- All Negotiations are subject to internal approvals and availability of credit limits

- A Negotiation Application in the Bank's standard form must be submitted

- The Beneficiary must be a customer of Standard Chartered

10. LETTER OF CREDIT COLLECTIONS

A Letter of Credit Collection is similar to a Letter of Credit Negotiation in that Standard Chartered, as the nominated bank will handle the export documents and present these to the Issuing Bank for payment or acceptance under the framework of UCP. The key point to note is that Standard Chartered will continue to examine the documents, and will notify you if any of the documents that have been presented do not conform to the Letter of Credit.

The material difference is that Standard Chartered does not guarantee that funds will be made available to you even though you have performed in strict compliance to the terms and conditions under the Letter of Credit.

Typically, a Letter of Credit collection is presented under the following conditions:

- You present conforming documents under a restricted or freely negotiable Letter of Credit, but choose not to avail yourself of the negotiation of proceeds (since you will have to pay transit interest if you avail yourself of advanced funds under a negotiation)

- You present non-conforming documents (ie discrepant documents) under the Letter of Credit and instruct Standard Chartered to forward them to the Issuing Bank for payment or acceptance

- Standard Chartered Bank elects not to negotiate documents at its own discretion or due to concerns regarding the issuing Bank or the country in which the Issuing Bank is located

- You are currently a non-borrowing customer, and you present non-conforming documents (hence, Standard Chartered is not able to negotiate the documents for you under reserve)

Benefit

- By presenting documents through Standard Chartered for presentation and examination, we will be in a position to notify you of any discrepancies under the Letter of Credit. If such documents can be amended by yourselves and represented as clean it will save you valuable time, money and risk since the Issuing Bank will not be obliged to reimburse you if documents are non-conforming (in this instance the Issuing Bank may also return documents, at your cost)

Bank Requirements

- The Bank's standard form for handling Export bills should be completed with sufficient instructions to enable the Bank to process the documents including your consent to forward the documents on a collection basis.

11. EXPORT BILLS FOR COLLECTION

An Export Bill for collection is a process whereby an Exporter can rely on international banking channels to control document movement and release. Under export collections, you can instruct Standard Chartered (the "Remitting Bank") to send commercial documents (such as invoices, Bills of lading or Airway Bills) or financial documents (such as Bills of Exchange) on a collection basis to a Collecting Bank / Presenting Bank) in your buyer's country. Upon receipt of such documents, the Presenting Bank will then release documents against payment (if the collection instruction calls for documents against payment or D/P) or against acceptance (if the collection instructions call for documents against acceptance or D/A) from your buyer, and strictly in accordance with instructions from Standard Chartered.

Kindly note that for export bill collections, Standard Chartered is not obliged to check the contents of the documents (though typically, we will examine your bills of exchange, invoices and shipping documents for consistency as a value-added service). We will, however, ensure that all documents submitted as indicated in our standard request for handling export bills form are received and your Instructions detailed therein are acted upon.

Benefits

- Documentary collections are typically a more secure method of payment than open account trading because the transaction is handled through the banking channels and documents are only released in accordance with your instructions

Bank Requirements

- The Bank's standard form for handling Export bills should be completed and provide sufficient instructions to enable Standard Chartered Bank to process the documents.

- Standard Chartered will only handle documents under collection that are subject to Uniform Rules for Collection 1995 Revision Publication No. 522

12. PRE-SHIPMENT FINANCE

Pre-shipment finance is working-capital finance that is provided by Standard Chartered to an exporter, on a with-recourse basis against either a confirmed export order from your end buyer or against a Letter of Credit. As the exporter, you may require working capital finance to purchase goods (if you are the middle man), purchase raw materials for subsequent manufacturing of final goods, warehousing, or to arrange for the transportation of goods.

Standard Chartered can offer a pre-shipment credit facility in both Local as well as foreign currency.

Benefits

- You will receive funds in advance, which may be used to fund your working capital needs, such as the purchase or manufacture of goods, or to arrange for transportation or storage

- Since you have either an Export Order or a Letter of Credit to support your application, your cost of financing will invariably be much cheaper than an overdraft (in general, your financing costs will be cheaper if your supporting sales is through a letter of credit rather than the export order

- With a lower cost of financing you may be able to negotiate better contract terms with your buyers vis-a-vis your competitors.

Bank Requirements

- The Bank will typically only finance up to 70% of the individual Export Order or Letter of Credit since the sale price should always be higher than the buying price

- The maximum tenor accorded under this facility is typically around 90 days or less but this may be extended, depending on your cash conversion cycle up to maximum of 120 days

- If pre-export finance is against a Letter of Credit you may be required to instruct us to add our confirmation to the Letter of Credit, subject to our normal bank and country risk assessment

- You will need to be an existing customer of Standard Chartered, and preferably have a proven performance track record

- The terms of trade and the size of the transaction should follow

normal trading patterns between yourselves and your end buyer

- The parties in the Letter of Credit or Export Order should not be related parties

- Standard Chartered must retain the original export order documents or export Letter of Credit, and arrangements must be made to have the export proceeds paid directly to Standard Chartered. Furthermore, if pre-shipment financing is affected against a Letter of Credit you will be required to negotiate the documents through Standard Chartered.

13. Invoice Financing

Invoice financing enables an importer or exporter who trades on an open account basis to raise short-term pre or post shipment finance using commercial invoices (not proforma invoices) and transport documents. This form of finance can be domestic or cross border.

By presenting these documents the Bank can provide short-term finance to the importer or exporter. The tenor of each advance is normally 90 days but the maximum tenor should not normally exceed 180 days.

The maximum amount advanced for imports is 100% and for exports, the maximum should not normally exceed 85% of the invoice value.

Benefits

- Better cash flow

- You will enjoy cheaper financing compared to an overdraft facility

- As a buyer you can reimburse the supplier on a sight basis and should be in a better bargaining Position

Bank Requirements

- A credit limit sanctioned for invoice financing

- Request made on the Bank's standard form and duly signed by authorized signatories as per the Bank's records

- Related company financing is prohibited.
- The financing period must match to your cash conversion cycle
- For imports, advance must be paid directly to supplier via supplier's bank and for exports, proceeds of the sale must be paid directly to Standard Chartered Bank.
- Invoices must not be dated more than 30 days prior to the date of finance

14. SUPPLY CHAIN FINANCING

The supplier Finance programme is a bilateral financing programme through which Standard Chartered offers packaged finance facilities to key suppliers of your company. This finance is provided strictly to those suppliers which have a direct linkage to your company and is based on the strength of the underlying relationships that you have with those suppliers.

Benefits

- Any business your business partners enjoy will also help you improve your bottom line.
- This will help lower your working capital level
- Administrative costs will be minimised with us helping you with payments and collections from your business partners.
- Increases partner loyalty.
- Ability to enjoy price discounts from suppliers

Bank Requirements

- Master agreement for whichever solution you wish to avail of (Supplier or Buyer Finance).
- You will also need to be in close touch with Your RM informing us of any adverse information on your business partners

15. RECEIVABLE SERVICE

Receivable services is the purchase and subsequent discount of invoices raised by a supplier on selected buyers. This can be with or without recourse to the supplier.

The Bank can help to structure without recourse funding using credit insurance to insure receivables purchased, by allocating internal limits on approved buyers or using bank guarantees issued in the buyer's name.

Factoring facilities can be on a disclosed or undisclosed basis. A disclosed facility is one in which the buyer is advised of the purchase of the invoices by the bank from the seller, whereas the undisclosed facility is where the buyer is not advised.

The maximum tenor for factoring is normally 120 days from the invoice date. The maximum funding under factoring must not normally exceed 90% of the total invoice value.

Benefits

- Mitigate the risks of buyer default
- Protection against non payment
- Improve or protect company financial ratios.
- Better cash flow

Bank Requirements

- All funding must be covered by credit insurance or bank guarantees
- Must sign Receivable Purchase Agreement
- Must have an approved Factoring facility

16. Portfolio Receivable Services

Portfolio Receivable Services (PRS) is a working capital funding solution that allows you to unlock liquidity from one of the largest asset in your balance sheet
– your Accounts Receivables on a portfolio basis.

This is a differentiated offering from regular Receivable Services, for PRS evaluating the quality of receivable rather than assess the balance sheet strength of the seller.

Portfolio Receivable Services is delivered on the back of a contract (Receivable Purchase Agreement) by which Bank purchase the receivables from the Seller and the receivables are assigned to the Bank.

In consideration of this purchase, Bank will offer the following services:

- With Recourse funding against approved receivables
- Collection Support (in case the program is disclosed to buyer)
- Sales Ledgering – MIS to clients on sales ledger for each buyer covered under the facility

The following are Key Attributes associated with Portfolio Receivable Services: -

Better Access to Working Capital - Not solely restricted by strength of financials instead the clients (seller) limit will be based on the requirement of the seller and will be a factor of credit period, sales turnover, number of buyers/their concentration, dilution/credit notes etc.
Sales Ledgering Capabilities - MIS to our clients on sales ledger for each buyer covered under the facility
Collection Support - Increased capacity to ensure repayment of account receivables
We can cover a large number of buyers together on a portfolio basis.

The primary obligor is the client (Seller) hence, the Bank has recourse against the Seller for amount of funding provided against eligible receivables, if Buyers do not pay for whatever reasons by the agreed due date.

17. Vendor Pre Paid

Vendor Prepay is an offering under Supplier Financing Programme "targeted at Big buyer Small seller relationships"; most often evidenced by high volume of small to medium value transactions. The Bank will purchase such receivables from the vendor and prepay them on a without recourse basis. The Bank retains the right to decide which receivables it would like to purchase and 100% financing of the assigned receivable is possible. The primary obligor under this arrangement would continue to be the Buyer and this would mean predicating risk on the payment ability of the Buyer.

Advantages of VPP

For Anchor –

The underlying Anchor needs satisfied by this product are:

- Integrated payment system also supports their supply chain financing needs
- Make supply chain cost competitive by reducing procurement cost
- Resilient supply chain and option to build strategic alliances with suppliers in tough times.
- Increase days payable outstanding; stretch working capital by extending the credit period
- Back end integration

For Spoke -

The underlying Supplier needs are:

- Immediate visibility of approved invoices through Straight2Bank.
- Quicker access to liquidity.
- Reduce default risk in balance sheet
- Localized financing at competitive rates thereby freeing existing credit lines
- Provide working capital support for sales growth

18. FI Trade Loans

Under this product, SCB provides direct or indirect financing to financial institutions ("FI Clients", (Banks Only)) to fund the provision of credit facilities by such FI Clients to their corporate customers against the Import, Export or Reimbursement obligations of such corporate customers.

In the context of this, the financing to FI client could be offered via the following products,

a. LC Refinancing
b. Trade Advances
c. Refinancing under Reimbursements
d. Pre-export Finance for Financial Institutions
e. Re-negotiation of Export Letters of Credit
f. Post-acceptance financing of Export Bills under LC
g. Financing of avalized collection bills

CASH PRODUCTS

Cash products offered in SL,

19. Book Transfer –

A book transfer is used to pay to another account within the bank in the same country. Only the beneficiary name and account number is required to process the payment.

20. Outward Telegraphic Transfer –

Outward Telegraphic Transfers are used to make payments to another bank in foreign currency. Full beneficiary account details are necessary to complete the transaction. For payments to beneficiaries within the European countries, IBAN information MUST be provided in the payment instruction.

21. Real Time Gross Settlement -

An RTGS is used to pay urgent high value transactions to an account with other banks within the country. Finality of settlement is immediate and usually in local currency.
Full beneficiary details are necessary to complete the transaction.

22. ACH (SLIPS) –

A direct Credit is used to pay non urgent low value transactions at a high volume to accounts maintained in other local commercial banks in local currency. Finality of settlement is 0 to 5 days depending on the specific system within the country. Full beneficiary account details are necessary to complete the transaction.

23. Payroll (PAY) -

A ‘PAY’ uses the same payment mechanism as ACH and BT. Channel handling of PAY transactions will ensure that only authorized personnel can have access to the information, which makes it suitable for payroll payments.

24. Local Bank Cheques –

Local Bank Cheques are used to make general and payroll payments when guaranteed funding is necessary. Clients are debited up-front for the issuance of Local Bank Cheques. Only the beneficiary name is required to issue a Local Bank Cheque.

25. Corporate Cheque Outsourcing –

Corporate Cheque Outsourcing is when the customer wants to remove all noncore functions and reduce operational risk by outsourcing their cheque issuance function to a 3rd party. Although the bank is issuing the cheques onbehalf- of the customer, these instruments are not guaranteed and subject to available funds at the time of clearing. Only the beneficiary name is required to issue a Corporate Cheque.

26. Inward Telegraphic Transfer and Inward RTGS -

Inward Telegraphic Transfers are used to receive payments from another bank in foreign currency. Inward RTGS is used to receive payments in local currency from local Banks. Funds are credited to client account upon confirming cover of the relevant remittance.

27. Sweeping –

Sweeping involves the physical transfer of debit and credit balances of accounts in same currency denomination to or from a master account on a periodic basis in such way that the balances of all participating sub accounts end up being a pre-defined balance while the balance of the master account represents the total consolidated balance of the cash pool over which the interest is calculated and booked. Because the credit balances in some accounts are offset against the overdrawn balances in some other accounts within the group, overdraft interest is charged only if the net balance in the designated master is overdrawn.

28. Pooling –

Notional cash pooling is based on the fictive consolidation of account balances - there are no real movements of funds between the accounts.
Credit and debit balances on the accounts concerned are notionally brought together and offset to establish a net position for the calculation of interest.

29. International Bank Cheques –

International Bank Cheques are used make payments in foreign currency to another Bank. International Bank Cheques are guaranteed instrument.
Customers are debited upfront when the cheques are issued.
Only the beneficiary name is required to issue an International Bank Cheque.

30. Standing Orders –

An instruction given by the Customer to the Bank to pay a beneficiary a regular amount of money on a periodic basis.

31. Premium Services Banking & Cash Pick-up and Delivery (PSBCP)-

PSBCP comprises Cash, Cheque & Document Collection & Delivery, and provision of mobile teller/ teller implants. The services are selectively offered to customers for convenience, security and to reduce time in travelling to and from the bank branch. Currently PSB handles only Documents and Customer Cheques were as all the services such as Cash pick up and delivery and mobile braches is handle by the branch who intern have out source the cash pick up and delivery to a local vendor.

32. Gateway Banking-

Gateway Banking allows Standard Chartered to enter into a bank to bank corporate client referral arrangement with an existing FI bank client. By signing the Standard Chartered Gateway Banking Agreement, drafted by Standard Chartered Wholesale Bank legal counsel, the Referring Bank (Gateway Bank) can introduce the corporate customers to Standard Chartered in the following seventeen countries: Bahrain, Bangladesh, China, Hong Kong, India, Indonesia, Jordan, Malaysia, Pakistan, Philippines, Qatar, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and United Arab Emirates.

33. Internet Payment Services (Merchant Acquiring)-

Internet payment service is an on-line extension to the existing collections channels. This service caters to e-Merchants where internet payments are a key part of their sales and distribution. Under these collection models, the bank provides merchant acquiring services by leveraging its position as a member of the payment network such as Visa and Mastercard. This will enable clients the merchants to offer internet based payment services to their down-stream customers.

34. Custody & Clearing-

Custody & Clearing services include a range of “back office services” for clients investments in securities. The core services offered include:

- Opening client’s Securities accounts at the CDS
- Safekeeping of securities
- Settlement of securities
- Corporate Actions (tracking, notification and acting on corporate action instructions of client).
- Income and dividend collection
- Proxy Voting (in accordance with clients instructions)
- Reporting: Trade portfolio reporting (Statement of holdings, transactions reporting, MIS reporting) and other customized reporting as agreed with the client.
- FX conversion on clients behalf
- Providing information to client’s agents (e.g. chartered accountants/tax agents)

The ancillary service offerings which are offered selectively include:
Market Information communication (Newsflashes, Securities Market Report, etc.)

The securities include equity, debt, warrants, rights, units (e.g. mutual fund). The same may either be in physical form or may be scripless.

Clients may contract directly with SCB's individual branches/subsidiaries or they may choose to appoint a single SCB Branch/subsidiary as a "Hub" which in turn appoints sub-custodians in the various markets in which the client invests in.

35. ESCROW-

ESCROW is a deposit of an asset with an independent Escrow Agent to facilitate the completion of a contractual agreement between two or more parties to a transaction. The Escrow Property in the vast majority of cases comprise of cash deposits, however, we may also hold financial instruments (e.g. equities, fixed Income securities, govt. securities, warrants, unit trusts, mutual funds), either in physical or scripless form and property documents of title. The Escrow Agent administers the agreement between two or more parties in relation to the deposit of the Escrow Property with the Escrow Agent for the future delivery to one or more of the parties upon completion of particular condition(s) or event(s) within a mutually agreed time frame. Such an arrangement is formalized by an Escrow Agreement between the parties to the underlying transaction (e.g. Seller and Buyer) and a neutral third party (Escrow Agent).

36. Virtual Accounts

Virtual Accounts, is a system of identifying corporate clients' customers, via their unique consumer reference number. Each of the Corporate clients' customers is assigned a virtual account number to identify individual payers and facilitate reconciliation. Payments received via cash and cheques over-the-counter at Standard Chartered Bank, and credit transfers from other channels are collected into individual virtual accounts and the proceeds will be linked with our client's collections account.

Consumer reference numbers and payment details will be captured and the

information made available to client in their account statement and via Straight2Bank.

The Benefits for the corporate client would be,

a. Guaranteed availability of payer information

b. Improved efficiency and ease of reconciliation across accounts

c. Virtual account are captured in the incoming remittances and are carried through to the bank's backend system facilitating Client reconciliation of their accounts receivables

d. Quick release of customer credit lines and improved cash management

e. Highly beneficial to clients with high collections volumes in the consumer to business space

Complaint Procedure

Wholesale Banking Customers may direct their complaints regarding Cash and trade transactions to the following unit of the bank.

WB Client Service Group

Tel ***:*** *+94 112480048*

E mail : *straight2bank.lk@sc.com*

Fax ***:*** *+94 115 450050*