

Solutions for Exporters

▶ Export Documentary Collection Solution

Accelerated receivables, reduced risk



Reliable and cost-effective payment collection while maintaining control over goods

Selling products globally can increase opportunities but the consequences can be unpredictable, especially in unfamiliar markets. HSBC's Export Documentary Collection Solution is a simple, cost-effective and secure means of trading internationally – reducing the risk of non-payment by your buyer while giving you the ability to maintain control over commercial documents.

Benefits to You

- ▶ **Control title to goods and payment terms.** Specify when title to goods should be released to your buyer – at payment or at your buyer's acceptance of the bills.
- ▶ **Negotiate better terms and prices.** Documentary collections, as opposed to documentary credits (DC), are generally faster and less expensive for your buyer, giving you additional leverage to negotiate better terms.
- ▶ **Work with a trusted partner in new markets.** HSBC often will be able to act on the import, as well as export, side of the collection due to our global branch network – providing you with fast, efficient processing and problem resolution.

Your Needs

This is the solution for you if:

- ▶ You are willing to export without a DC, but wish to reduce the risk of non-payment by controlling commercial documents via bank channels.
- ▶ Your buyer is unwilling or unable to issue a DC.
- ▶ You need a trusted partner to process documents quickly and help resolve payment problems.
- ▶ You need the flexibility to provide credit terms to your buyer, but wish to strengthen your right of recourse in the event of non-payment through a bill of exchange (commonly known as a draft) accepted by your buyer.

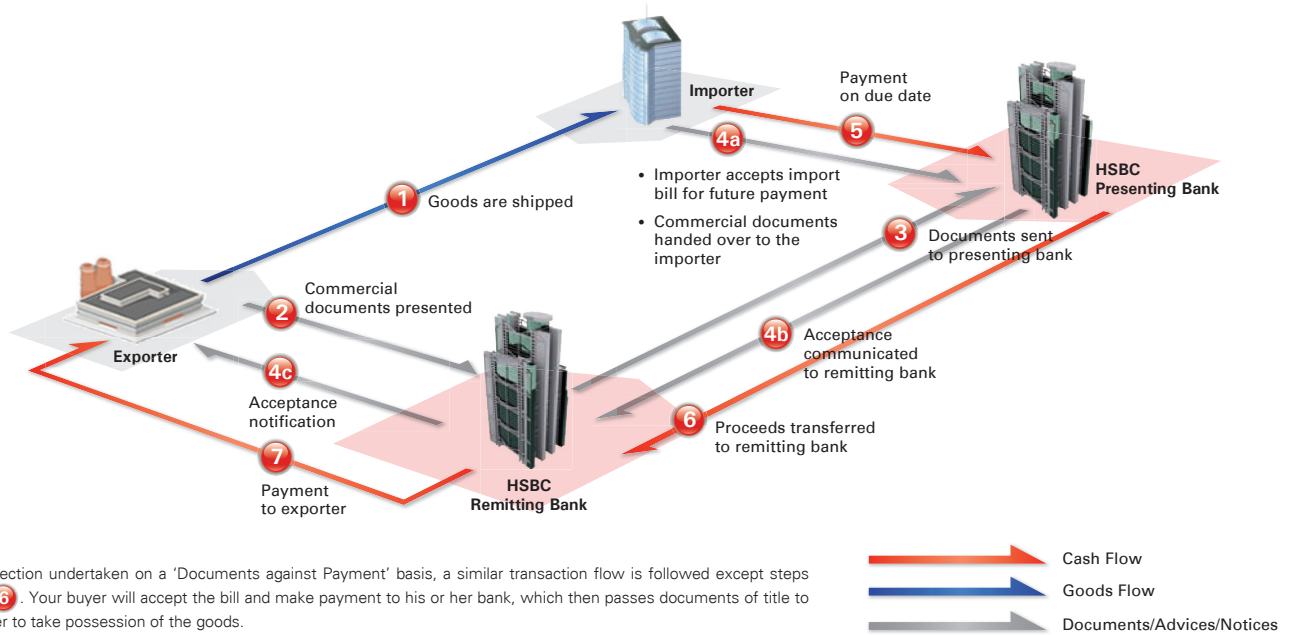
Product Features

- ▶ **Documents and payment processing under international rules.** Collections help protect buyers and sellers with terms subject to international rules and regulations*.
- ▶ **Documents handled via banks.** Commercial documents and trade proceeds are processed via the buyer's and seller's banks while goods are shipped. Your buyer has the security of knowing that goods have arrived before paying or accepting a future-dated draft, while you retain control of commercial documents until your buyer pays or accepts obligation to pay.
- ▶ **Two collection methods.** HSBC offers two common documentary collection methods, giving you peace of mind while helping to reduce costs. They include:
 - **Documents against Payment (D/P):**
Commercial documents are released against payment by the buyer, either at the time documents are presented or at a future date specified in the draft.
 - **Documents against Acceptance (D/A):**
Commercial documents are released against the importer's acceptance of future-dated drafts.
- ▶ **One collection – one bank.** If your buyer uses HSBC to handle the import side of the transaction, you may benefit from faster processing and issue resolution in the event of a dispute.

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The world's local bank

How It Works

The diagram below illustrates the process flow of a typical documentary collection using the D/A method:



Electronic Value-added Services

- ▶ **Internet Trade Services.** Track your export bills in real time and monitor acceptance and payment status.

Documentary Collection Versus DC

While a collection can provide more protection when compared to trading under open account terms, it can involve more risk than a DC transaction. Keep in mind that under a collection:

- ▶ Your bank and your buyer's bank do not guarantee payment. If your buyer does not pay, you may have difficulty enforcing the contract and may have to sell goods at auction or pay for goods to be shipped back. You should always verify your buyer's credit status and reputation before agreeing to an export documentary collection.
- ▶ Only reputable transport companies should be used for shipment of goods.

Related Products

- ▶ **Post-Shipment Finance.** Provides funds on presentation of your collection documents subject to approved credit facilities being in place.
- ▶ **Pre-Shipment Finance.** Provides advances to you against purchase orders confirmed by your buyer. Approved Manufacturer's Advance and/or Packing Credit facilities are required.

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- ▶ **Pre-Set Exchange Rates and Forward Contracts/Options.** Protect your business against future currency fluctuations by fixing an exchange rate upfront.

Contact Us

Contact your HSBC Relationship Manager or Trade and Supply Chain Specialist to start using HSBC's Export Documentary Collection Solution. You can also call HSBC Trade and Supply Chain during regular business hours or visit us on the Web at www.hsbc.co.za for further information.

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* HSBC handles collections in accordance with the Uniform Rules for Collection (ICC Publication No.522), a set of international standards for the handling of collections 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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