

# Documentary Collections

A trusted and reliable solution for making and receiving payments



Sourcing or selling products globally could increase opportunities, but payment can be uncertain – especially in unfamiliar markets. A Documentary Collection is a simple, cost-effective and secure solution for making and receiving payments internationally.

## Documentary Collections

Documentary Collections are designed to help and protect both buyer and seller and are subject to international rules and regulations\*.

Documentary Collections offer:

- ◆ Sellers the ability to retain control of commercial documents until a buyer has made payment, or arrangements to pay at an agreed future date if the seller wishes to offer credit terms
- ◆ Buyers the security of knowing that goods have been shipped before paying or agreeing to a future payment date. A bank facility is not required and the buyer may be able to obtain better credit terms due to the comfort of the bank's involvement.

Documentary Collections are less secure from a seller's perspective than Documentary Credits since the banks involved in the transaction do not guarantee payment. Sellers should always check a buyer's credit status and reputation before agreeing to Documentary Collections

## How Documentary Collections work

- ◆ Seller and buyer agree to a commercial contract with payment by Documentary Collection via one of two methods:
  - Documents against payment (D/P)
  - Documents against acceptance (D/A)
- ◆ Once goods have shipped the seller presents the necessary documents, together with their instructions, to their bank
- ◆ The seller's bank forwards the documents to the buyer's bank with payment instructions
- ◆ With D/P, commercial documents are released to the buyer on payment
- ◆ With D/A, commercial documents are released to the buyer against their promise to pay at a future date or on acceptance of a draft/bill of exchange
- ◆ Upon receipt of payment from the buyer, the buyer's bank sends funds to the seller's bank, who in turn make payment to the seller.

\*HSBC handles Documentary Collections in accordance with the Uniform Rules for Collections (URC 522), a set of international standards for the handling of Documentary Collections through financial institutions. The rules are published by the International Chamber of Commerce (ICC)

## Benefits for Buyers

- ◆ **A simple solution:** Buyers receive commercial documents and make payment to the supplier using the bank as an agent
- ◆ **Additional payment control:** In contrast to paying the supplier in advance of receiving goods, a Documentary Collection allows the buyer to inspect commercial documents before making payment or agreeing to a future payment date
- ◆ **Enhanced flexibility:** Under a Documentary Collection, the buyer can easily change contract terms on shipping, delivery and insurance right up until goods are shipped
- ◆ **Improved cash flow:** Documentary Collections can give buyers the flexibility to negotiate credit terms with the seller, and can remove the need to place a deposit or use bank facilities for advance payment

## Benefits for Sellers

- ◆ **Control over terms:** The seller can specify when title to goods should be released to the buyer – at payment or at buyer's acceptance of the bills
- ◆ **A better negotiating position:** Documentary Collections reduce payment risk to the seller at minimal cost to the buyer, giving the seller additional opportunity to negotiate more favourable terms and pricing
- ◆ **Improved visibility:** Sellers can receive email alerts and track the status of their collection online from initiation to payment, using HSBC's Instant@dvce or HSBCnet services
- ◆ **A trusted partner in new markets:** HSBC can often act on both import and export sides of a transaction, using our global network to provide sellers with fast, efficient processing and problem resolution

## Why HSBC?

HSBC manages large trade flows globally with the ability to provide financing across currencies and geographies. We can offer buyers and sellers:

- ◆ **Access to our global footprint:** With our global network of group offices and correspondent banks, we can handle Documentary Collections in most countries and markets and can often be at both ends of a transaction
- ◆ **International market recognition:** HSBC is one of the world's leading international banks, with extensive global reach, providing additional peace of mind to your trade counterparties
- ◆ **Operational strength** and over 150 years of trade experience means we can provide day to day advice on managing trade transactions
- ◆ **Financial strength:** With a strong balance sheet we have the credit appetite to offer our clients financing and transactional solutions to support their international ambitions.

## Contact us

Contact your HSBC Relationship Manager or Global Trade and Receivables Finance specialist today

Click <http://www.business.hsbc.uk/en-gb/imports-and-exports>

Call 0800 783 1300 (lines open Monday to Friday, 09:00 to 17:00 hrs)

Email [uktradeservices@hsbc.com](mailto:uktradeservices@hsbc.com)

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.

Global Trade and Receivables Finance transactions may be subject to credit approval. Other restrictions, including specific country regulations, may apply. Certain products and solutions contained herein may not be offered in every market. Check with your local HSBC Trade specialist for a full product offering in your country.

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