

DOCUMENTARY COLLECTIONS

Documentary collection is a process, in which the seller instructs his bank to forward documents related to the export of goods to the buyer's bank with a request to present these documents to the buyer for payment, indicating when and on what conditions these documents can be released to the buyer. The buyer may obtain possession of goods and clear them through customs, if the buyer has the shipping documents (original bill of lading, certificate of origin, etc.). The documents, however, are only released to the buyer after payment has been made ("Documents against Payment") or payment undertaking has been given - the buyer has accepted a bill of exchange issued by the seller and payable at a certain date in the future (maturity date) ("Documents against Acceptance"). Documentary Collections facilitate import/export operations. They do not provide the same level of security as Letters of Credit, but, as a result, the costs are lower.