

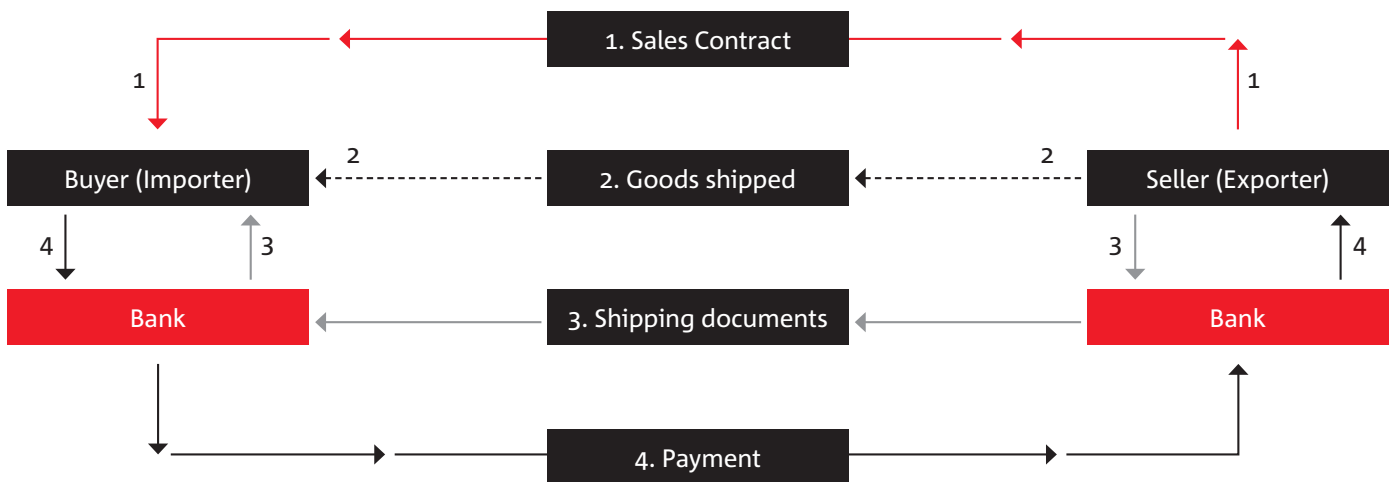
Making and receiving your payments

DOCUMENTARY COLLECTIONS

WE GIVE YOU CONTROL OVER YOUR TRADE FLOWS

For exporters and importers, Documentary Collections are the middle ground between open account trading and letters of credit. Exporters get some comfort from the fact that a bank will control their shipping documents until the importer pays or agrees to pay at a future date (note that the bank does not guarantee the payment). Importers do not need to make advance payments prior to shipment of goods.

IT WORKS LIKE THIS



1. Seller and buyer agree terms and enter into a sales/purchase contract.
2. Goods are shipped.
3. Seller presents shipping documents through the banking system. Generally buyers are unable to take delivery of the goods until they have these shipping documents (this does not normally apply to airfreight shipments).
4. Per contracted payment terms, the buyer pays immediately (a 'sight' payment, sometimes known as Docs against Payment – D/P) or formally agrees to pay at a future date (a 'term' payment, sometimes known as Docs against Acceptance – D/A). Upon payment or acceptance documents are released to the buyer to enable them to obtain the goods.

Benefits	Features
<p>Exporters</p> <ul style="list-style-type: none"> • Control – shipping documents remain in the control of the banks until the importer has paid or formally agreed to a future dated payment (this does not guarantee that the importer will ultimately pay). • Timing – a 'sight' payment or agreement to pay in the future will generally be made within one to two weeks after shipping documents have been lodged in the banking system. <p>Importers</p> <ul style="list-style-type: none"> • Timing – advance payments do not need to be made and in some instances the importer can delay payment or acceptance to pay in the future until the goods have actually arrived at the discharge port. • Convenience – upon the importer's payment or electronic agreement to pay in the future, we will courier shipping documents straight to your office. 	<ul style="list-style-type: none"> • All banks adhere to a uniform set of rules for handling documentary collections, formulated by the International Chamber of Commerce, Paris. There will be no surprises caused by a bank handling a transaction in an unexpected fashion. • You can view the status of your outstanding Documentary Collections via NAB Connect and receive reports on all outstanding transactions. Exporters can prepare NAB export forms on this software. • Well established international payment method offering a step up in protection from open account trading without having the rigidity of a letter of credit.

What you need to know

What it costs	Documentary Collection fees and charges are detailed in <i>International Trade Services – a guide to fees and charges</i> available at nab.com.au and Business Banking Centres.
Interest rates	Interest is generally not applicable to Documentary Collections. An exporter may include an interest component for extended payment terms or where there are delays in payment/acceptance by the importer. Exporters and importers may also be able to obtain short-term trade finance in connection with a Documentary Collection – see Complementary Solutions below.
Terms and conditions	<ul style="list-style-type: none"> All banks follow the <i>Uniform Rules for Collections</i> published by the International Chamber of Commerce, Paris, publication No. 522. A copy of these rules is available only from the International Chamber of Commerce. For exporters, the terms and conditions of our <i>Lodgement Authority Overseas Documentary Bills</i> also apply.
What you will need	You can use our NAB Connect software to manage your outstanding trade finance.

Risks

Exporters	Importers
<ul style="list-style-type: none"> Credit – you are not guaranteed payment. An importer may not pay because of a contract / goods quality dispute or because of their insolvency. An importer may also cancel an order that you have already commenced preparing. 	<ul style="list-style-type: none"> Goods – unless you have arranged an independent inspection, the goods shipped may be of lesser quality than ordered.
<ul style="list-style-type: none"> Goods – if you have granted extended payment terms and allowed shipping documents to be released against the importer's formal agreement to pay in the future, they could fail to pay when due and you will have lost control of the goods. 	<ul style="list-style-type: none"> Non-delivery – the risk of loss of, or damage to, the goods while in transit is generally covered by insurance. If insurance is your responsibility you must ensure that appropriate cover is obtained. If it is the exporter's responsibility, then an insurance document will normally accompany the Documentary Collection. The sale/purchase contract should clearly define the party responsible for transit insurance.
<ul style="list-style-type: none"> Foreign exchange – economic factors in Australia and globally can significantly impact the value of the Australian dollar against a foreign currency. If you invoice in foreign currency, an appreciation in the value of the Australian dollar can dramatically reduce the amount you receive in Australian dollars. This risk commences at the time you enter into a sales/purchase contract. You should also be aware that in some circumstances mechanisms may be available for limiting these risks. Such mechanisms may include products ranging from forward foreign exchange contracts to more complex options and derivatives. A solution can be tailored to your specific business needs. 	
<ul style="list-style-type: none"> Regulations – import/export regulations may impact the successful shipment of goods. Increasingly, governments and other bodies impose sanctions to freeze payments and stop money laundering, terrorist and other illegal activities. The application of a law or ruling by a body of competent authority may mean that NAB is not obligated to make a payment or provide a service or that a payment to you or from you could be blocked. 	

Complementary solutions

Trade Finance	Our Trade and Invoice Finance specialists can provide access to funds to match your trade cycle
NAB Connect	Internet banking solution for your business, including your Trade Finance needs
Foreign Currency Account	At call transactional account providing you with the convenience of holding foreign currencies so you can make deposits and withdrawals simply and quickly
Foreign Exchange Solutions	Our business markets specialists can help with a range of solutions to support your business through managing movements in foreign exchange rates and interest rates

Where to from here?

If you have more questions or need further assistance, contact your NAB Business Banker, call **13 10 12** or visit nab.com.au