CORE
CONCEPT

Trade Finance: Letters of Credit, Documentary Collections and Bank Guarantees

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Introduction:

Trade finance errors are expensive: documents rejected for avoidable discrepancies, guarantees issued with wording nobody can defend, and payments delayed while ships wait at port. This Core Concept course trains bank trade operations staff and corporate import and export finance teams to choose the right payment method, structure and check letters of credit under UCP 600, examine documents against ISBP, handle documentary collections under URC 522, and issue or claim on bank guarantees and standby credits. Participants work on real transaction files and produce a Trade Transaction Checklist Pack and Discrepancy Decision Log.

Course Objectives:

- Select a payment method from advance payment to open account by weighing buyer, seller and country risk for each shipment
- Structure and review a documentary credit application, issuance and amendment so that its terms match the sales contract and shipping plan
- Examine commercial, transport, insurance and origin documents against credit terms and ISBP practice and record each discrepancy with a decision
- Process documentary collections under URC 522 with correct remitting and collecting bank instructions and document release terms
- Draft, check and handle claims on demand guarantees and standby letters of credit under URDG 758 and ISP98
- Screen trade transactions for money laundering red flags and prepare a Trade Transaction Checklist Pack for daily use

Target Audience:

- Staff who issue, advise, confirm and check documentary credits in bank trade operations
- Staff who process documentary collections and outward and inward trade payments
- Staff who draft, issue and handle claims on bank guarantees and standby credits
- Import and export finance staff who prepare credit applications and shipping document sets for their companies
- Relationship and trade sales staff who structure trade facilities for corporate customers

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Course Outline:

Day 1: Trade Payment Methods and Transaction Risk

- Payment Method Risk Ladder: Advance Payment, Documentary Credit, Documentary Collection and Open Account
- Buyer, Seller, Bank and Country Risk Matrix for a Cross-Border Sale
- Delivery Trade Terms Overview and Their Link to Transport and Insurance Documents
- Trade Cycle Map: Order, Shipment, Presentation, Payment and Settlement
- Current Trade Portfolio Review Worksheet by Method, Counterparty and Tenor

Day 2: Documentary Credits and the ICC Rule Sets

- UCP 600 Structure: Irrevocability, Independence and Complying Presentation
- Parties and Roles: Applicant, Beneficiary, Issuing, Advising, Nominated and Confirming Banks
- Credit Types: Sight, Deferred Payment, Acceptance and Negotiation Availability
- Special Credits: Transferable, Back-to-Back, Red Clause and Revolving Structures
- eUCP and Electronic Presentation Awareness for Digital Trade Documents

Day 3: Document Examination, Discrepancies and Collections

- ISBP Examination Method for Invoices, Transport Documents and Insurance Certificates
- Discrepancy Classification and Refusal Notice Drafting with Waiver Handling
- Credit Application and Amendment Review Against the Sales Contract
- URC 522 Documentary Collections: Documents Against Payment and Documents Against Acceptance
- Collection Instruction Checklist for Remitting and Collecting Banks

Day 4: Guarantees, Standby Credits, Financing and Risk Controls

- URDG 758 Demand Guarantees: Bid, Performance, Advance Payment and Retention Guarantees
- ISP98 Standby Letters of Credit Compared with Demand Guarantees
- Claim Examination, Extend-or-Pay Requests and Counter-Guarantee Chains
- Supply Chain Finance, Forfaiting and Factoring Overview for Importers and Exporters
- Trade-Based Money Laundering Red Flags and Sharia-Compliant Murabaha and Wakala Import Structures

Day 5: Trade Transaction Case Work and Final Deliverable

- Commodity Import Case: Checking a Full Documentary Credit Presentation
- Engineering Contractor Case: Reviewing Guarantee Wording and a Demand for Payment
- Consumer Goods Export Case: Choosing Between Collection and Confirmed Credit
- Discrepancy Decision Log Compilation and Peer Challenge
- Trade Transaction Checklist Pack Assembly and Review

Skills You Will Gain:

- Trade Payment Risk Assessment
- Documentary Credit Structuring
- Document Examination
- Discrepancy Handling
- Collection Processing
- Guarantee Wording Review
- Demand Claim Assessment
- Trade Financial Crime Screening

Why Attend This Course:

- Return with a Trade Transaction Checklist Pack and Discrepancy Decision Log built on real credit, collection and guarantee files
- Cut rejected presentations and payment delays by checking documents the way examining banks do
- Answer guarantee claims and extend-or-pay requests within the rules instead of by habit
- Compare trade operations practice with peers from banks, trading houses, contractors and manufacturers

Conclusion:

Trade finance protects both sides of a sale only when the instrument fits the risk and the documents match the terms. This course moves from payment methods and transaction risk, through documentary credits and the ICC rule sets, to document examination, discrepancies and collections, and then to demand guarantees, standby credits, financing options and financial crime red flags. The final day applies these rules to import, export and contractor cases and produces a Trade Transaction Checklist Pack and Discrepancy Decision Log ready for daily use.