

BANK TRANSFER AND DOCUMENTARY COLLECTION

Wire/bank/credit transfer or **bank giro** is a payment method or a way to transfer funds directly from one bank account (the issuing) to another (the beneficiary). It is the fastest, safest and most widely used way to pay both in home and international trade, mainly because a small fee is charged and it can be easily carried out through e-banking. Bank transfers have become a more accepted payment method than cheques because they provide security, and they can be processed more quickly: in fact, each account to which a transfer is addressed is identified by a unique number or IBAN (International Bank Account Number), linked to a country, a bank branch and the beneficiary's account number.

Documentary collection is another secure way of payment that reduces risks for both sellers and buyers, even if it doesn't provide the same degree of security of a L/C. The banks involved in this transaction, in fact, only act as intermediaries and neither check the conformity of the documents nor provide any guarantee of payment. As soon as shipment is arranged the exporter gives his bank (the **remitting bank**) the relevant financial and commercial documents (the draft or Bill of Exchange - B/E-, the invoice, the contract of carriage, the insurance policy and the Certificate of Origin, when required). The remitting bank forwards them to the buyer's bank (the collecting bank), that will release them to the importer only when the draft is settled (D/P) or signed (D/A) for acceptance and the goods have been despatched. The shipping documents make him their official owner.

This term of payment protects:

- exporters, because importers are not released the documents of ownership of the goods and cannot collect them before paying the draft (**Documents against Payment, D/P**) or undertaking to pay, by signing it for acceptance (**Documents against Acceptance, D/A**);
- importers, because they are sure the goods have been despatched before paying.