

PAYMENT IN ADVANCE AND CARDS

Cash in advance is a term of payment that requires the invoice to be settled before goods are dispatched. This gives sellers the greatest protection, but buyers bear all risks, since payment does not guarantee the delivery of goods. Therefore, importers rarely pay up front, whereas, on the contrary, exporters impose this condition when the buyers' credit is unsatisfactory, when they trade with politically unstable countries or when goods are custom made. For small orders or orders from new customers payment in advance can be:

- **CWO (cash with order)**, buyers must pay in full when they place the order, by credit card, cheque or bank transfer. Delivery charges may be free for high sums;
- **COD (cash on delivery)**, goods are delivered but handed over to buyers after they settle the invoice and delivery charges.

A **payment card** is issued by banks or financial institutions and enables its owner (the cardholder) to withdraw money from an ATM and make payments at a POS terminal (point of sale) too. A card can be either linked to the cardholder's account or store money on itself through a machine-readable identification code in a magnetic strip or microchip. Most online shoppers prefer using this last one, that is a **pre-paid/ rechargeable card**, which prevents the risk of large debts in case of fraud. These cards are topped up at a charge when the credit runs out, in the same way as pay-as-you-go mobile phones. The main cards linked to a bank account are:

- **cash point cards**, which are only used to access services at an ATM;
- **debit cards**, which directly withdraw money from the cardholder's account when he types in his PIN number (personal identification number) at a POS or ATM;
- **credit cards**, which allow purchases to be made but to be paid for later, by offering free credit for a length of time.
- **company cards**, which are issued by retail groups to use at their stores;
- **charge cards**, which are similar to credit cards but require full payment on receiving the statement and have much higher, often unlimited, spending limits.