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Direct Presentment of Documents under Letters of Credit — How to Increase Efficiency in a Paper Intensive Process?



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One of the most common challenges that exporters face is the inefficiencies that are inherent in the paper intensive process of export letter of credit (LC) documentation and negotiation. Through pioneering endeavours in this area and continuous innovation, Deutsche Bank has launched its latest product offering of "Direct Presentment under Letters of Credit" by marrying technology efficiencies to re-engineer the export LC documentation and negotiation process.

In short, Direct Presentment under Letters of Credit enables our exporter clients to present the requisite documents under an export documentary credit to Deutsche Bank in electronic form. This gives them a competitive edge as it effectively brings Deutsche Bank into their office "electronically," thereby saving valuable time for them and their buyers.

Three Distinct Stages in Direct Presentment of Documents under Letters of Credit:

- Pre-presentation of documents under the LC
- Remote printing of the DB presentation schedule
- Direct despatch of documents and presentation schedule to the importer's bank

Pre-presentation

Pre-presentation reduces the risk of time being wasted due to having to send the original hard copy documents back and forth between the exporters and Deutsche Bank for checking and rectification of any discrepancies. With our direct presentment service, once the exporter has prepared the documents, they can be scanned and sent across to the Bank through multiple electronic gateways. The Bank then examines the documents, and if there are any discrepancies highlighted, they can be rectified by the exporter at his office itself forthwith. Once the Bank certifies the documents as compliant, the stage is set for the next step.

Remote printing of Bank's Presentation Schedule

This step enables the exporters to generate the presentation schedules and remotely print them once the Bank certifies that documents are ready for despatch. These presentation schedules — which have to be sent together with the original documents to the importer's bank as a necessary step before payment under the LC can be made — are generated by Deutsche Bank's trade processing back end system and securely delivered electronically to the exporter through the Bank's online banking system.

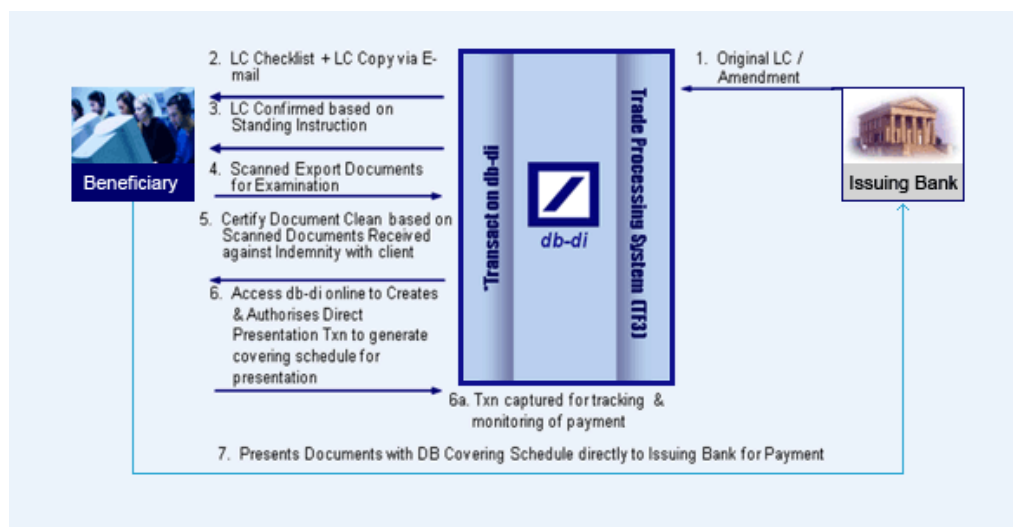
Direct Despatch

At this stage, the exporter merely needs to attach the presentation schedule, which has been remotely printed and in the required template, to the original documents and then send the documents directly to the importer's issuing bank.

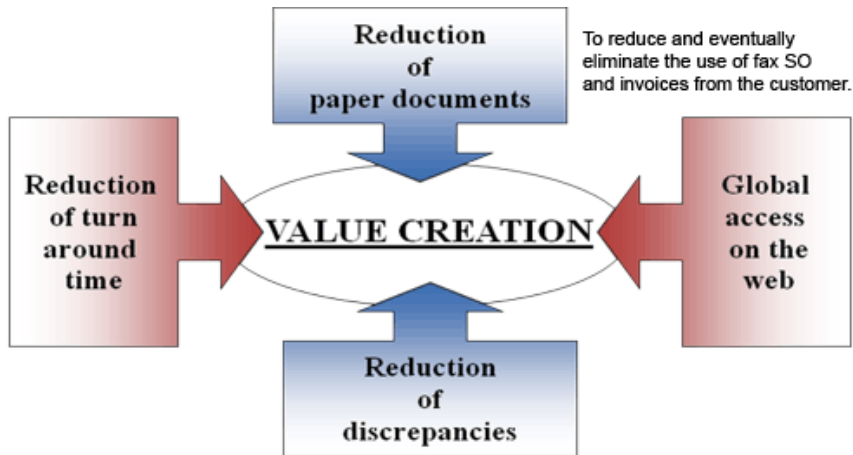
This process flow will not only reduce the number of days for the documents to reach the issuing bank and thereby facilitate faster presentation of documents and payment, but will also give the exporters full control over despatch of the documents.

How It Works

The documentary credit procedure, beginning from the issuance of the letter of credit to the final payment, is basically the same when Direct Presentment under LC is used.



Benefits to the Client



Summary

Direct Presentment of Documents under LC has taken process efficiencies to a new level by facilitating the end-to-end electronic exchange of export documents. As the Bank's document checking experts verify the export documents using electronic copy, the turnaround time is greatly reduced. The exporter is further empowered to generate the presentation schedule and present the documents directly to the Issuing Bank. With the greater visibility, transparency and efficiency introduced into the whole process, the exporter reaps the benefits of a shortened cash conversion cycle and greater working capital efficiency.