

Publisher Name: PT Bank JTrust Indonesia	Type: Trade Finance
Product Name: <i>Letter Of Credit (LC)</i>	Currency: IDR (Rupiah)/Foreign Currency
<u>Service Description</u> A letter of credit is a financial document issued by the bank on behalf of buyer, which guarantees payment to a seller, provided the seller meets specific terms and conditions outlined in LC.	

Key Features	
Limit: Subject to the Bank's approval Facility Period: 1 (one) year and can be extended. LC Period: Maximum 180 days ( <i>Usance</i> )	Collateral Type : Land, Building, Deposit Inventory, Receivables and other collaterals as per the Bank's approval Issuance Document: LC Issuance Application Contract Documents as underlying transactions.
<ol style="list-style-type: none"> <li>1. A sight LC means that the payment is due immediately (or upon presentation of the documents) once the required documents are presented to the issuing bank, and it is not subject to any time delay. Usance Letter of Credit, in which payment is made at a future date, typically after a specified period days from the date of shipment or the presentation of documents.</li> <li>2. In transaction Using LC, the Bank only deals with documents, not with goods and services related to the documents.</li> <li>3. Issuance of LC is subject to the provisions of Uniform Customs Practice for Documentary Credit ICC Publication no. 600</li> </ol>	

Fees	
Transaction Fees	Loan Application Fee
Issuance : 0.25% per quarter min Rp. 700,000 Amendment : 0.25% flat min USD 50 SWIFT : USD 25.00 Acceptance : 0.125% per month min USD 50.00 Settlement document (Discrepancy, Admin) : USD 100	Subject to the Bank's approval

### Benefits

1. Secure transactions by Buyers because payment is only made if the documents received are in accordance with the terms and conditions in the LC.
2. Increase Customer credibility in the eyes of seller because guarantee payment carried out by the bank if all the requirements in the LC have been met.
3. Easy access financing for Buyers who need a Bank's loan
4. LC issuance procedure is relatively easy.

### Risk

1. Buyer receives goods that do not match the order. This can be avoided by requiring a *Certificate of Analysis* or *Certificate of Inspection* (document that verifies a product's quality, safety, and compliance with regulations, details about the inspection process)
2. In the event that the Customer is unable to complete the payment obligation for the LC that has matured, the Bank can record the obligation as a non-performing loan which will be subject to a fine in accordance with applicable provisions and recorded in the Financial Information Services System (SLIK).

### Terms and Conditions

1. Open an account at the Bank.
2. Have LC issuance facilities or covered by 100 % cash collateral.
3. Have an Import Identification Number (API) for Importers.
4. Completing the LC Issuance Application Form document along with other forms in accordance with the provisions of the Bank.