



Welcome!

**Today, let us
understand
Letter of
Credit**

Types of Letter of Credit



Types of letters of credit

The differences are found in the wording

Revocable versus Irrevocable

Irrevocable letter of credit is open it cannot be changed without the written consent of all parties including the beneficiary.

Revocable letter of credit can be change or withdrawn without notifying the beneficiary.

Types of Letter of Credit



Confirmed vs Advised

Confirmed is preferred, the Confirming Bank promises to pay.

Advised does not guarantee the creditworthiness of the Opening Bank.

Straight vs Negotiation

A negotiation letter of credit can be presented to any bank.

A straight letter of credit can only be paid in the country of the Paying Bank.

Types of Letter of Credit



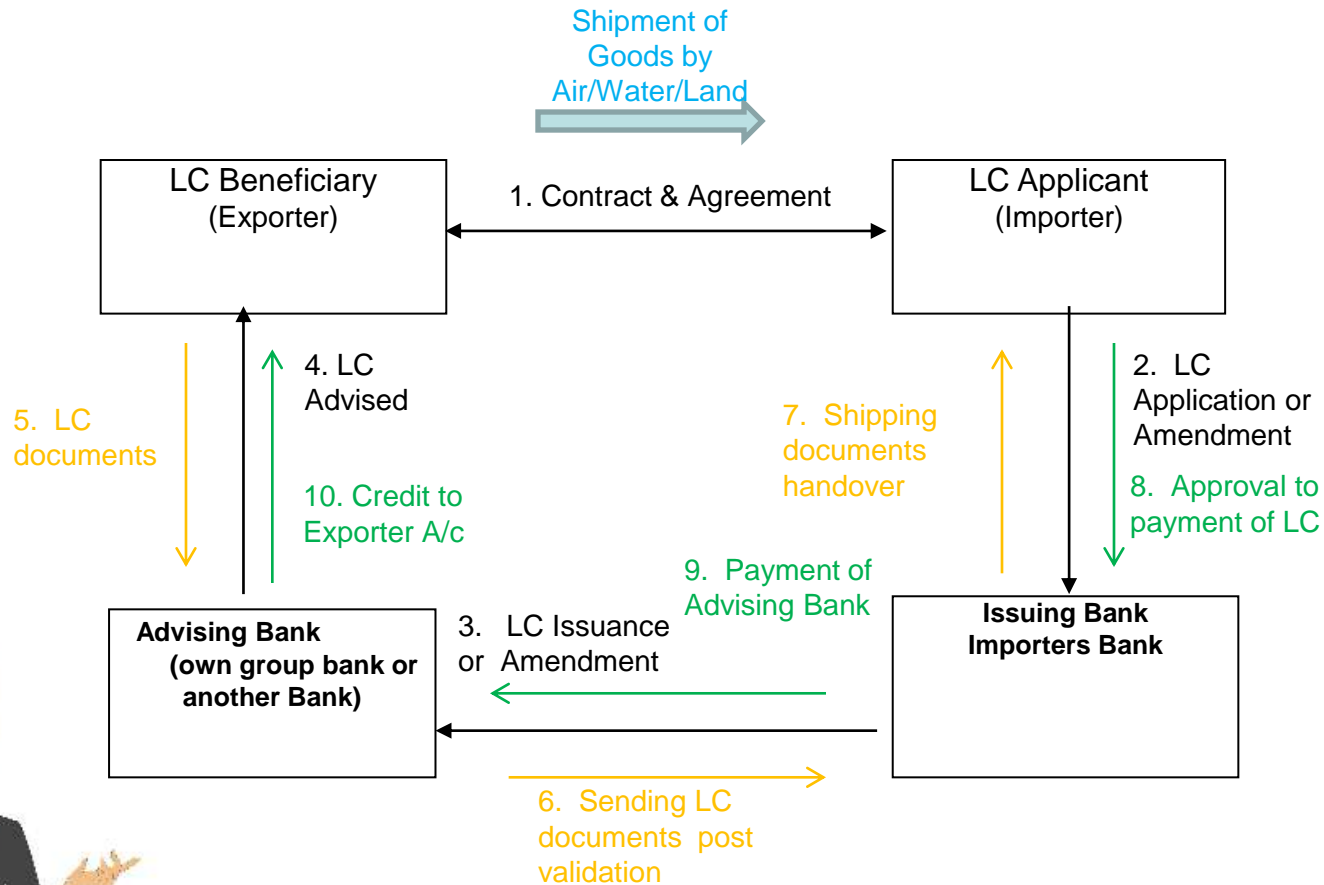
Sight vs Usance

At sight means the Beneficiary is paid as soon as the Paying Bank has determined that all necessary documents are in order.

Usance time can be between 30 and 180 days after the bill of lading date.

This is a form of delayed payment, number of days depends on product and who has more weight between buyer and seller

Letter of Credit Flow





That is all folks for now, more about
Trade in next session

In the next session, will tell you about

- Further about Trade Messages
- Mandatory documents
- Commercial Terms

**Thank you and will meet you in the
next module.**