

CONFIRMATION OF EXPORT LETTER OF CREDIT

What is Confirmation of Export Letter of Credit (LC)?

How do I mitigate the risk of non-payment by the Issuing Bank?

Mitigation of Bank and Country Risk through LC Confirmation

When an Exporter/Seller receives a LC, it has usually been advised 'without any engagement or responsibility' by the Advising Bank. This means that the payment risks of both the overseas Issuing Bank and the overseas country remain for the Seller, even though the Seller may present compliant documents on the shipment.

Commonly known as 'bank and country risk', these can be mitigated for the Seller by asking the Buyer to have the issuing bank request the Seller's bank to add its 'confirmation' to the LC. If the Seller's bank agrees to do so, it adds its obligation for payment to the LC subject to presentation of compliant documents.

UOB is able to add its confirmation to documentary credits for Sellers for a fee, subject to the availability of Bank lines and country limits.

How do I apply for Confirmation of Export Letter of Credit?

UOB can consider adding a LC confirmation for you if it is stipulated and requested by the Issuing Bank. LC Confirmation charges are normally charged to the account of the Beneficiary (Seller) unless agreed otherwise.

If you currently do not have any facilities with UOB, but wish to have a LC confirmed by the Bank, please contact us at:

UOB Transaction Banking - Email: TransactionBanking@UOBgroup.com / Tel: (65) 6539 8704