

Malaysian Importers and Exporters Should Quickly Familiarise With BPO, Says ICC Malaysia

KUALA LUMPUR, June 19 (Bernama) -- Malaysian importers and exporters should quickly familiarise themselves with the new payment settlement mechanism, Bank Payment Obligation (BPO), which will come into force on July 1 this year.

To educate the public, the International Chamber of Commerce (ICC) Malaysia will be organising a seminar to familiarise banks, importers and exporters with the BPO on August 22.

In a statement Wednesday, ICC Malaysia said the BPO is an irrevocable undertaking given by one bank to another bank for which payment will be made on a specified date after a specified event has taken place.

"The BPO will provide the benefits of a letter credit in an automated environment, without the drawbacks of manual processing associated with the traditional letter of credit," said ICC Malaysia.

It said the BPO will protect the buyer since the bank only pays when the seller complies with the specific terms and conditions and produces the data required.

"The buyer can build safeguards into the BPO, including inspection of the goods and quality control and set production and delivery times.

"The sellers get assurance of payment and access to pre-shipment or post-shipment finance," said ICC Malaysia.

It said BPO ensures speed, reliability, convenience, cost reduction and improved accuracy.

The chamber said by matching data via the ISO 20022 messaging standard, banks can track events in the physical supply chain which trigger the availability of value-added services in the financial supply chain.

"Unlike the manual checking of documents, there is no subjectivity attached to data matching -- it either matches or it doesn't," it said.

Source: Bernama, June 19, 2013