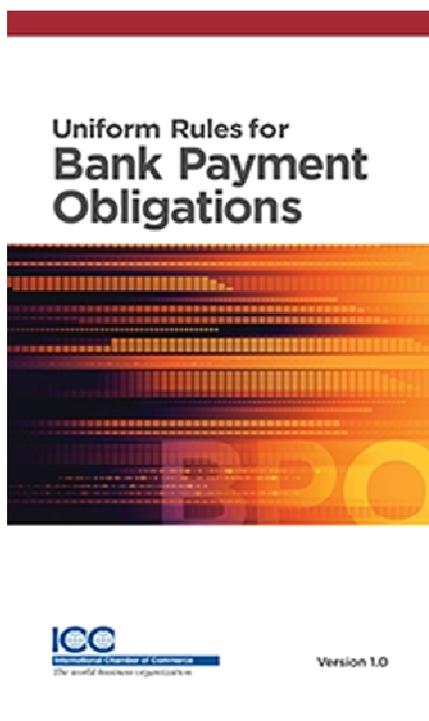


Bank payment obligations vital for international trade

Time for importers, exporters to get familiar with the new international transaction mechanism



The International Chamber of Commerce (ICC) has put in place the new Uniform Rules for Bank Payment Obligations (URBPO) that will provide an alternative means of settlement of international transactions.

A Bank Payment Obligation (BPO) is an irrevocable undertaking given by one bank to another bank that payment will be made on a specified date after a specified event has taken place. This 'specified event' is evidenced by a 'match' report that has been generated by Trade Services Utility (TSU) developed by SWIFT (Society for Worldwide Interbank Financial Transactions) or any equivalent transaction matching.

The TSU is a matching engine hosted and maintained by SWIFT for the bank community that matches data extracted from different trade documents like invoice, purchase order, transport document and certificates. It can support any type of open account supply chain finance product buyer-centric and seller-centric.

The URBPO will enable importers and exporters to involve their banking partners in their trade transactions and get flexible risk and financing services. The BPO will provide the benefits of a letter of credit in an automated environment, without the drawbacks of manual processing associated with the traditional letter of credit. The BPO protects 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 seller gets assurance of payment and access to pre-shipment or post-shipment finance. Automated data matching removes subjectivity in physical examination of documents and the risks of discrepancy disputes and delays. BPO ensures speed, reliability, convenience, reduced costs and improved accuracy.

The BPO and related ISO 20022 messaging standards provide access to relevant data, records and reporting - giving banks the ability to provide risk mitigation, finance and

payment services while introducing additional automation and efficiency into the supply chain management process.

By matching data via the ISO 20022 messaging standards, 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.

The BPO will be implemented on 1 July 2013.

Malaysian importers and exporters should quickly familiarise themselves with this new payment settlement mechanism. The banks should prefer the automated solution of compliant data that BPO offers.

ICC Malaysia will be organising a seminar to familiarise banks, importers and exporters on BPO on August 22, 2013. For more information on BPO and the seminar, please contact Ms Angelina Lim of ICC Malaysia Secretariat at Tel: 03-62867200 or email: iccm@iccmalaysia.org.my

The Federation of Malaysian Manufacturers (FMM) acts as the Secretariat for ICC Malaysia.

About ICC Malaysia

ICC Malaysia joined the global network of International Chambers of Commerce, the world's business organisation, on December 20, 2003. The Federation of Malaysian Manufacturers (FMM) is the Secretariat for ICC Malaysia.

ICC Malaysia's main objective is to represent the interest of the Malaysian business community in the international trade forum. ICC Malaysia's active participation and involvement in ICC will contribute positively to the growth and development of Malaysia's global trade and investment. Being part of the ICC global network will also mean that Malaysian businessmen can benefit from linkages between members, regionally and globally from about 130 countries.

ICC Malaysia members comprise companies, corporations involved in international trade business activities as well as chambers of commerce, industry/professional organisations including bilateral chambers representing foreign businesses in Malaysia.

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