

# Documentary letter of credit

1. Signing of a sale contract between the trade partners (applicant and beneficiary)
2. Buyer lodges letter of credit's application at the issuing bank and provides a collateral
3. The issuing bank issues a letter of credit in favor of the beneficiary
4. The advising bank advises the letter of credit to the beneficiary
5. Goods dispatched
6. Beneficiary presents documents to its advising bank
7. The advising bank presents the original documents to the issuing bank
8. Documents released to the applicant and issuing bank effects payment to the advising bank for further credit to the beneficiary
9. Crediting the beneficiary's account
10. The issuing bank reimburses itself from the collateral of the letter of credit

