

Unit of Competency

Functional Area: Finance

Title	Handle trading payments
Code	105183L3
Range	This unit of competency is applicable to practitioners in import and export industry to handle documentation for settling trading payments
Level	3
Credit	4 (for reference only)
Competency	<p>Performance Requirement</p> <p>1. Describe the procedure of settling trading payments</p> <ul style="list-style-type: none"> • Describe different modes of settlement of trading payment, such as Letter of Credit (L/C), Documentary Collections (D/P, D/A), Telegraphic Transfer (T/T), Open Account (O/A), Factoring (for D/A or O/A financing) and Forfaiting (for capital goods financing) • Describe the importance of transport documents to facilitate smooth payment, including clean Ocean Bill of Lading (OBL), Forwarder Bill of Lading (FBL), Sea Waybill (SWB), Air Waybill (AWB), Forwarder Cargo Receipt (FCR) and Railway Cargo Receipt (RCR) • Describe the types and functions of Commercial Documents, Transport Documents, Financial Documents, and Governmental or Official Documents, and their preparations and/or applications, as well as the relationships among different documents • Describe the payment process, such as the flow of payment by L/C, D/P, D/A, T/T, O/A, and the individual role of each participant • Describe the roles of banks in a L/C transaction, and the operation of Issuing Bank acting as Consignee (e.g. B/L is consigned 'To order of Issuing Bank') and their relationships with both buyer and seller under L/C payment • Describe the financial issues of inefficient funds flows that are caused by delay, inaccurate documentations, and reduced or refused payment <p>2. Handle documentation for settling trading payments</p> <ul style="list-style-type: none"> • Obtain a copy of Sales Contract or Purchase Order • Check the term of payment, and urge customers to issue L/C through their bank (for L/C only) • Obtain an original L/C from Advising Bank and make a copy to initiate necessary jobs • Check the terms and conditions of L/C against Sales Contract or Purchase Order • Request customers to immediately arrange appropriate amendments of L/C to correct any deviations from terms and conditions of Sales Contract or Purchase Order • Obtain original amendments of L/C from Advising Bank • Follow up the production status of concerned goods and co-ordinate with Merchandiser or designated independent Surveyor for inspection arrangement • Apply required type of Certificate of Origin or GSP (Generalised System of Preferences) Form A from Trade and Industry Department or any one of the Five Chambers of Commerce in Hong Kong, or relevant competent authority in Mainland China • Contact customer nominated or self-chosen Carrier (Shipping Company, Freight Forwarder, or Third Party Logistics Company) to book shipping or airfreight space and prepare Shipping Order or Shipper's Instruction for the Dispatching of Goods by Air • Arrange the coverage of good insurance • Check whether a necessary license or permit (for Prohibited Article or Dutiable Commodity) is required • Contact Transportation Company to deliver goods from factory to container terminal (by container haulage) or CFS (Container Freight Station) warehouse (by trucking) • Inform the Carrier of any problems of good delivery such as late arrival, postponement to next voyage, or cancellation of booking due to the possible change of logistic arrangements, and persuade customers to arrange necessary amendment of L/C to reflect such change in due course so as to avoid non-compliance with the L/C • Obtain electronic Terminal Receipt (eTR) or paper Mate's Receipt to exchange original Bills of Lading (Bs/L) from the Carrier or request Telex Release (under special agreement with the customer) • Send Shipment Advice and respond to customer's enquiries relating to freight details • Prepare all required documents to be presented to Negotiating Bank for 'Negotiation under Documentary Credit'

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Assessment Criteria	The integrated outcome requirement of this unit of competency is: <ul style="list-style-type: none">• Capable of handling documentation for settling trading payments
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