



Product Disclosure Sheet – Documentary Bills for Collection-i

PRODUCT DISCLOSURE SHEET

Please read this Product Disclosure Sheet before you decide to accept the Documentary Bills for Collection-i. Be sure to read the terms and conditions in the letter of offer. Seek clarification from Bank Islam if you do not understand any part of this document or the general terms.

Bank Islam Malaysia Berhad

Documentary Bills for Collection-i (DC-i)

<dd/mm/yy>

1. What is Documentary Bills for Collection-i?

- ✓ DC-i is a type of service rendered by the Bank to assist either in collecting payment for exporter or remitting payment to importer.
- ✓ Documentary Bills for Collection-i is basically one of the widely accepted methods of trade settlement to facilitate sellers/ exporters in obtaining payment for their sales/ exports. DC-i is normally referred to handling of documents by the Bank in accordance with instruction received, in order to:
 - a. Obtain payment and/or acceptance; or
 - b. Deliver documents against payment and/or against acceptance; or
 - c. Deliver documents on other terms and conditions

Inward Bills for Collection-i (IBC-i)

The IBC-i is based on the contract of Wakalah, stipulating an agency relationship where the Bank is appointed to act as an agent on behalf of the exporter's bank. Documents are channeled by the exporter through its banker to the Bank for presentation of the documents to you. In exchange for the documents, you are expected to either pay at sight or accept to pay on a future date. The Bank acts as the collection agent of the Remitting Bank (exporter's bank).

Outward Bills for Collection-i (OBC-i)

The OBC-i is based on the contract of Wakalah. It is an agency relationship where the Bank act as your agent to send transport documents together with commercial/financial documents to the buyer's/ importer's bank worldwide for payments from the importer/buyer.

- ✓ Operation of DC-i is guided by the International Chamber of Commerce (ICC)'s Uniform Rules for Collections (URC). URC is the international standardized set of rules to aid bankers, buyers, and sellers in the collections processes.
- ✓ No financing facility is required for importers/ exporters to access the DC-i services although both importers/ exporters must be an existing customers of the Bank.

2. What is the Syariah contract/ concept applicable?

- ✓ DC-i is based on the Syariah contract of Wakalah (Agency) with Ujah (Fee). Under the Wakalah contract, both the Remitting Bank and Collecting Bank act as agents of the exporter. The goods/ items of saleable value involved must not be prohibited by Syariah. The Bank will charge you a fee for the services rendered by the Bank

- ✓ The product structure for IBC-i is as follows:

No	Description
1	The Principal/ Drawer/ Exporter ships the merchandise to Drawee/ Importer.
2	Principal/ Drawer/ Exporter presents documents to Principal's/ Drawer's/ Exporter's Bank (Remitting Bank) for collection.
3	Principal's/ Drawer's/ Exporter's Bank (Remitting Bank) sends documents to Drawee's/ Importer's Bank (Collecting/ Presenting Bank - Bank Islam). If documents are in order, it will advise the Drawee/ Importer either to make payment or to accept the draft.
4	(a) Drawee/ Importer make payment/ acceptance to the Drawee's/ Importer's Bank (Bank Islam) and takes possession of the documents. (b) Drawee's/ Importer's Bank (Bank Islam) releases the shipping document and other documents to Drawee/ Importer upon received payment/ acceptance from the Drawee/ Importer.
5	Drawee's/ Importer's Banks (Bank Islam) remits the payment to Principal's/ Drawer's/ Exporter's Bank (Remitting Bank) based on the payment instruction.
6	Principal's/ Drawer's/ Exporter's Bank pays the Principal/ Drawer/ Exporter.

- ✓ The product structure for OBC-i (for Documentary Credit) is as follows:

No	Description
1	The exporter/ beneficiary ships the merchandise to importer/ Applicant.
2	The Exporter/ beneficiary presents documents to Bank Islam (Nominated Bank) for collection.
3	If Bank Islam (Nominated Bank) does not negotiate, it sends the documents to Importer's Bank (Issuing Bank) under collection.
4	a) Importer's Bank (Issuing Bank) scrutinizes the documents whether documents comply with the terms and conditions of the Documentary Credit. Importer's Bank (Issuing Bank) advises Importer/ Applicant on the arrival of documents and asks for acceptance/ payment. Importer/ Applicant makes payment to the Importer's Bank (Issuing Bank). (b) Importer's Bank (Issuing Bank) releases shipping document together with the other documents to the Importer/ Applicant upon receiving of acceptance/ payment from Importer/ Applicant.
5	Importer's Bank (Issuing Bank) informs Bank Islam (Nominated Bank) on the acceptance of the documents. Importer's Bank (Issuing Bank) remits payment to Bank Islam (Nominated Bank) based on the payment instruction.
6	Bank Islam (Nominated Bank) receives fund from Importer's Bank (Issuing Bank) and release payment to the Exporter/ Beneficiary.

- ✓ The product structure for OBC-i (for Collection) is as follows:

No	Description
1	The exporter/ principal ships the merchandise to importer/ Drawee.
2	Exporter/ Principal presents documents to Exporter's Bank (Remitting Bank- Bank Islam) for collection.
3	Exporter's Bank (Bank Islam) sends documents to Importer's Bank (Collecting/ Presenting Bank).
4	(a) Importer's Bank (Collecting/ Presenting Bank) advises Importer/ Drawee on the arrival of documents and asks for acceptance/ payment. Importer/ Drawee accepts the draft from Bank Islam (Remitting Bank) and makes payment to the Importer's Bank (Collecting/ Presenting Bank). (b) Importer's Bank (Collecting/ Presenting Bank) releases shipping document together with the other documents to the Importer/ Drawee upon receiving of acceptance/ payment from Importer/ Drawee.
5	Importer's Bank (Collecting/ Presenting Bank) informs Bank Islam (Remitting Bank) on the acceptance of the documents. Importer's Bank (Collecting/ Presenting Bank) remits the payment to Bank Islam (Remitting Bank) based on the payment instruction.
6	Bank Islam (Remitting Bank) receives fund from Importer's Bank (Collecting/ Presenting Bank) and release payment to the Exporter/ Principal.

3. What do I get from this product?

- ✓ Your business/ company can have a simple and more cost effective means of trading internationally, subject to international standardized rules. Under a DC-i, documents and payment are processed through the banking system. The importer has the assurance that the goods have been shipped/ arrived before incurring payment, while the exporter retains control of the commercial documents until the terms of collection have been fulfilled.

4. What are my obligations?

- ✓ Your obligations are to ensure that the trade are genuine transactions and to perform your obligations under the sale of goods contract.

5. What are the fees and charges that I have to pay?

- ✓ Fees and Commission
- ✓ SWIFT / Rentas Charges (if any)
- ✓ Postage and Courier (if any)

Note: Please refer to our website at www.bankislam.com for further details on fees and charges.

6. What if I fail to fulfill my obligations?

- ✓ As there is no financing involved at the collection stage, the Bank is merely acting as an 'agent' for your business/ company. Your ultimate obligation is towards your supplier/ buyer and ensuring that the trade transaction is completed successfully. However, if your company/ business has problems in meeting this obligation with your buyer/ supplier, please contact us early to discuss possible financing options.

7. Do I need to take up Takaful coverage?

- ✓ It is optional, however you or your supplier/ buyer is advised to subscribe to any appropriate Takaful protection.

8. Do I need a guarantor or collateral?

- ✓ No guarantor or collateral is required for this facility.

9. What are the major risks?

- ✓ There is no risk in terms of the services provided by the Bank under this DC-i.

- ✓ However, there are a few commercial risks involved under DC-i. For the importer, if payment has been made against a D/P (Document Against Payment), the importer runs the risk that the goods shipped may be of inferior quality or do not meet the expectation. For the exporter, the risk is that there is no guarantee of payment from the buyer if payment is made against a D/A (Document Against Acceptance) and buyer has already taken the goods.

10. What do I need to do if there are changes to my contact detail?

- ✓ It is important for you to immediately inform the Bank of any changes in your contact details to ensure that all correspondences reach you in a timely manner.

11. Where can I get assistance and redress?

- ✓ If you have difficulties in making settlement of the facility, you should contact the Bank earliest possible to discuss the payment options. You may contact the Bank at:

Trade Operations

Bank Islam Malaysia Berhad

13th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Tel: 03-2782 1078/ 1089/ 1087/ 1086

Fax: 03-2782 1346

Or

Group Institutional Banking

Bank Islam Malaysia Berhad

27th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Relationship Manager: (to be filled by our RM's)

Tel: (to be filled by our RM's)

Fax: 03-2726 7818

Email: (to be filled by our RM's)

Or

SME Banking

Bank Islam Malaysia Berhad

16th Floor, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Relationship Manager: (to be filled by our RM's)

Tel: (to be filled by our RM's)

Fax: 03-2726 7818

Email: sme-assist@bankislam.com.my

- ✓ If you wish to complaint on the products or services provided by us, you may contact us at:

Contact Centre & Customer Care

Bank Islam Malaysia Berhad

17th Floor, Menara Bank Islam,
No. 22, Jalan Perak,
50450 Kuala Lumpur.
Tel: 03-26 900 900
Fax: 03-2782 1337
Email: contactcenter@bankislam.com.my

- ✓ For SME, you may seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services and money management, credit counseling, financial education and debt restructuring. You can contact AKPK at:

Level 5 and 6,
Menara Bumiputra Commerce
Jalan Raja Laut
50350 Kuala Lumpur Tel: 603 -2616 7766
Fax: 603 -2616 7601
Website: akpk.org.my

- ✓ If the query or complaint is not satisfactorily resolved by the Bank, you may contact Bank Negara Malaysia LINK or TELELINK at:

Block D, Bank Negara Malaysia,
Jalan Dato' Onn,
50480 Kuala Lumpur.



Tel: 1-300-88-5465
Fax: 03-2174 1515
Email: bnmtelelink@bnm.gov.my

12. Where can I get further information?

✓ Should you require additional information about this product, please refer to our branches or contact:

Contact Centre & Customer Care
17th Floor, Menara Bank Islam,
No. 22, Jalan Perak,
50450 Kuala Lumpur.
Tel: 03-26 900 900
Email: contactcenter@bankislam.com.my
www.bankislam.com

13. What are the other trade facility packages available?

1. Trade Tawarruq-i
2. Trade Working Capital Financing-i (Purchase)
3. Trade Working Capital Financing-i (Sales)
4. Letter of Credit-i
5. Letter of Credit Transfer-i
6. Shipping Guarantee-i
7. Bank Guarantee-i
8. Accepted Bills-i (Purchase)
9. Accepted Bills-i (Sales)
10. Bills of Exchange Purchase-i
11. Export Credit Refinancing-i
12. Standby Letter of Credit-i

IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT KEEP UP PAYMENTS OF YOUR FACILITY.

Note:

1. The above is for illustration purposes only. Profit and/ or charges may vary and subject to Bank Islam terms and conditions.
2. The information provided in this Product Disclosure Sheet is valid as at 18/10/2023.

Acknowledge Receipt by Customer

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Name:

I/C Number:

Date: