

Characteristics Bank Guarantee BG SBLC Standby Letter of Credit

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UNITED KINGDOM, November 19, 2020 /EINPresswire.com/ -- Characteristics of [Standby Letters of Credit](#)

When your business is grown to the point to be able to export goods or import supplies from others you need to be introduced to a useful tool: the Standby letter of credit, also known as [SBLC](#).

The standby letter of credit or SBLC is the irrevocable commitment of the bank to compensate the beneficiary in the event of default of payment of the debtor. SBLC are designed according to what the International Stand-By Rules And Practices.

The SBLC is a bank guarantee that it is used by exporters to secure the execution of a contract. It is easy to implement and manage and it is an adapted guarantee that can be used for transactions or specific operations with commercial partners that are known and frequent.

When SBLC have past their expiration date, they can be cashed immediately by the holder. The exporter will have to show the documentation that proves that the transaction was done different from what the



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letter establishes (a copy of the invoice, one of transport, certificate of non-payment, etc)

Let us now mention some of the characteristics of SBLC.

It is simple, the seller guarantees provided that its own commitments, and credibility to the buyer.

SBLC are also flexible because the [exporter and importer](#) will not need as much paperwork in order to show their commitment. The exporter will show the buyer the documentation that shows the transaction did not comply with what was established, and once everything is cleared the transfer of the money will proceed.

It is inexpensive: The importer will pay only the issuing of the freight plus a commission for the risks during the life of the SBLC. The seller, if the SBLC must be confirmed, will only pay for the confirmation for which the rate will be set in function of the risk of the country and the quality of the issuing bank.

Risk-free. It gives peace of mind to those who use it because it will work as a guarantee in case that something goes wrong. It allows the exporter and importer to make successive travels to solve the situation.

For SBLC to be exercised, the exporter needs to show copies of invoices of transport, certificates of non-payment and others.

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