

TERMS OF PAYMENT

	TIME OF PAYMENT	GOODS AVAILABLE TO BUYER	RISK TO EXPORTER	RISK TO IMPORTER
CASH IN ADVANCE	Before shipment	After payment	None	Completely relies on exporter to ship goods as ordered
LETTER OF CREDIT Sight Draft	When shipment is made	After payment	Very little or none depending on credit terms	Assured shipment is made, but relies on exporter to ship goods described in documents
Time Draft	Accepted to mature on a specific date from time shipment is made. May/may not be discountable	Before/after payment. Usually after payment or promise to pay established.	Very little or non depending on credit terms	Assured shipment is made, but relies on exporter to ship goods described in documents
COLLECTION Documents Against Payment Sight Draft	On presentation of draft to buyer	After payment	If draft unpaid must dispose of goods. Many risks such as exchange availability, etc.	Same as L/C unless allowed to inspect goods before payment
Documents Against Acceptance Time Draft	On maturity of draft	Before payment	Relies on buyer to pay draft. Other risks same as sight draft.	Same as L/C unless allowed to inspect goods before payment
OPEN AGREEMENT	As agreed	Before payment	Relies completely on buyer to pay account as agreed upon	None