Financing
– improving your international trade

Use your trade flow for financing.

All trade needs financing from the start of production until fully paid by the end buyer. The main concern is how to structure this in the best possible way. The flexibility in trade finance products enables you to adapt the financing to your specific needs, and at the same time it may give your company a competitive edge.

As the leading Nordic Trade Finance Bank, we know how to help you succeed in international trade.

Advance payment
Advance payment may not appeal to a buyer as much as it does to the seller. But partial advance payment covered by an advance payment guarantee is a commonly used solution that could benefit the needs of both parties.

Documentary collection
To settle the payment under a collection gives you a tool for handling credit periods, avoiding the need for advance payment and/or obtaining financing.

Documentary credit (DC)
A DC includes a commitment from the buyer’s bank (DC issuing bank) in respect of payment. This normally provides sufficient security for the seller to allow the buyer a credit period under the DC.

A seller can in many cases have the payment under the DC discounted* at his bank, i.e. obtain payment before the agreed maturity date.

Documentary credit may also be used as security for local financing, for instance for a seller to finance purchases of raw materials.

Others
Trade finance products can be combined and structured in a vast number of ways to meet your financing requirements. They can also be combined with other Nordea products such as leasing and factoring etc.

How it works
First you and your trading partner agree on the terms of the contract (1). In this example the agreement stipulates payment of 25% before delivery (2) against an advance payment guarantee issued by the exporter’s bank (3). The remaining 75% is agreed to be paid under a documentary credit (4) payable 180 days after shipment. When the documentary credit is issued the exporter can make the shipment (5) and thereafter present the documents under the documentary credit to the bank and receive payment (6).

The exporter’s bank is now financing/discounting* the 180-day credit period under the documentary credit (7) until the importer pays at maturity (8).

Contact us to find out more about how we can assist you with your trade finance transactions. You can also find us at nordea.com/tradefinance.

* Subject to credit approval.

FACTS
Nordea offers a full range of trade finance services and is the largest trade finance bank in the Nordic region. We offer trade finance services including collections, documentary credits and guarantees as well as related e-solutions.

Located in Denmark, Finland, Norway, Sweden, China and USA.

CONTACT
Please contact us and find out more about our trade finance solutions.
NORDEA.COM/TRADEFINANCE

SHORTCUTS
More tools to help you improve your international trade:
NORDEA.COM/EN/SUPPORT-CONTACT-TRADE
How it works
First you and your trading partner agree on the terms of the contract (1). In this example the agreement stipulates payment of 25% before delivery (2) against an advance payment guarantee issued by the exporter’s bank (3). The remaining 75% is agreed to be paid under a documentary credit (4) payable 180 days after shipment.

When the documentary credit is issued the exporter can make the shipment (5) and thereafter present the documents under the documentary credit to the bank and receive payment (6). The exporter’s bank is now financing/discounting* the 180-day credit period under the documentary credit (7) until the importer pays at maturity (8).

* Subject to credit approval.