

Dear Customer,

This Product Disclosure Sheet (PDS) provides you with key information on your trade facility. Other customers have read this PDS and found it helpful, you should read it too.

1 WHAT IS DOCUMENTARY COLLECTION-i (DC-i)

DC-i is a type of service rendered by Bank Islam to assist either in collecting payment for exporter or remitting payment to importer. It is 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 Bank Islam in accordance with instruction received, in order to:

- I. Obtain payment and/or acceptance; or
- II. Deliver documents against payment and/or against acceptance; or
- III. Deliver documents on other terms and conditions.

The categories of DC-i are as follows:

Inward Bills for Collection-i (IBC-i)

The IBC-i- is based on the contract of Wakalah, stipulating an agency relationship where Bank Islam is appointed to act as an agent on behalf of the exporter's bank. Documents are channelled by the exporter through its banker to Bank Islam 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. Bank Islam acts as the collection agent of the Remitting Bank (exporter's bank). It is governed under the current Uniform Rules of Collection (URC 522) which is the international standardized set of rules to aid bankers, buyers and seller in the collections processes.

Outward Bills for Collection-i (OBC-i)

The OBC-i is based on the contract of Wakalah. It is an agency relationship where Bank Islam 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. The operation of OBC-i with LC is governed under the current Uniform Customs and Practice for Documentary Credit (UCP 600).

No financing facility is required for importers/ exporters to access the DC-i services although both importers/ exporters must be an existing customer of Bank Islam.

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.

The applicable Shariah contract is Wakalah bil Ujah (Agency with 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 Shariah principles. Bank Islam will charge you a fee for the services rendered by Bank Islam.

2 KNOW YOUR OBLIGATIONS

You have to pay the following fees and charges:

- I. Fees and Commission.
- II. SWIFT / Rentas Charges (if any).
- III. Postage and Courier (if any).

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

3 KNOW YOUR RISKS

It is your responsibility to:



Read and understand the **key terms** in the **contract** before you sign.



Ensure the trade are genuine transactions and to perform your obligation under the sale of goods contract.



Contact us immediately if you are unable to pay your full settlement.

What happens if you ignore your obligations:

- I. As there is no financing involved at the collection stage, Bank Islam 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.
- II. 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.

4 OTHER KEY TERMS

- To inform us of any change in your contact details.
- Takaful coverage is optional, however you or your supplier is advised to subscribe to any appropriate Takaful protection.
- No guarantor or collateral is required for this facility.

If you have any questions or require assistance on our product, you can:



Call us at
+603-26 900 900



Visit us at
<https://www.bankislam.com>



Email us at
contactcentre@bankislam.com.my

Customer's Acknowledgment

(A customer's acknowledgement of this PDS shall not prejudice his/her rights to seek redress in the event of subsequent dispute over the product terms and conditions.)

Ensure you are filling this section yourself and are aware of what you are placing your signature for.

- ☐ I acknowledge that Bank Islam has provided me with a copy of the PDS.
- ☐ I have read and understood the key information contained in this PDS.

Name:
Date: