

What to Study in Banking

समूह (क): बैकिङ्ग

२ x १० = २०

- १) बैकिङ्ग अवधारणा र विकास
- २) नेपालमा हालको बैकिङ्ग अवस्था एवं चुनौतीहरू (Banking Development in Nepal, Recent Status and challenges)
- ३) तहगत बैकिङ्ग प्रणाली (क, ख, ग, घ वर्गीकरण)
- ४) ग्राहकमुखी बैकिङ्ग सेवा
- ५) ग्राहक संरक्षण सिद्धान्त (Client Protection Principle)
- ६) ग्राहक पहिचान (Know Your Customers / KYC)
- ७) निक्षेपका प्रकार तथा परिचालन
- ८) कर्जा लगानी र यसका सिद्धान्तहरू
- ९) कर्जा वर्गीकरण (Loan Classification) र कर्जा नोक्सानी व्यवस्था (Loan Loss Provision)
- १०) रेमिटान्स (Remittance)
- ११) भुक्तानीका साधनहरू
- १२) शेयर, डिभेन्चर र ऋणपत्रको जानकारी
- १३) बाणिज्य बैंकको काम, कर्तव्य र अधिकार
- १४) नेपाल राष्ट्र बैंकको काम, कर्तव्य र अधिकार
- १५) नेपालको आर्थिक विकासमा राष्ट्रिय बाणिज्य बैंकको भूमिका (Role of RBB in Economic Development of Nepal)

Modes of Payment

- Payments are essentially the transportation of money from payer to payee as per the established rules and procedures.
- Generally the payee has provided some kind of services or goods to the payer, who will in return pay an agreed amount of money against a request for payment, usually an invoice document, as part of the invoicing price.
- Lots of options are available in modern days for payment.

भुक्तानीका साधनहरु

- भुक्तानीका साधनहरु भन्नाले साधारणतया त्यस्तो प्रकृया वा सेवा जसको माध्यमबाट एक व्यक्ति तथा संस्थाले गर्नु पर्ने भुक्तानीको रकम अर्को व्यक्ति तथा संस्था सम्म पुग्दछ ।
- भुक्तानी पाउनु पर्ने पक्षले कुनै प्रकारको बस्तुवा सेवा अर्को पक्षलाई दिएको हुन्छ र बस्तु तथा सेवा पाउने पक्षले अर्को पक्षलाई भुक्तानी दिनु पर्ने हुन्छ । जसका लागि भुक्तानीको उपयुक्त साधनको महत्वपूर्ण भुमिका रहेको हुन्छ ।
- आजको समयमा बैंक तथा बित्तिय संस्थाबाट रकम भुक्तानीका लागि बिबिध उपाय तथा सेवा प्राप्त रहेका छन ।

Modes of Payment

Factors affecting selection of modes of payment

- Nature and amount of payment.
- Availability of instrument.
- Nature of transaction.
- Size, status, and level of technology used by other party.
- Easiness
- Legal requirements.
- Service cost
- Security

भुक्तानीका साधनको छनौटमा प्रभाव पार्ने तत्वहरु

- कारोवारको प्रकृति तथा रकम
- भुक्तानीका साधनको उपलब्धता
- कारोवारको प्रकृति
- कारोवारको रकम, स्तर, प्रविधिको प्रयोग तथा उपलब्धता
- कारोवारमा सहजता
- कारोवारको लागत
- भुक्तानीका साधनको सुरक्षितपन

Letter of Credit

- The Letter of Credit is a specialized, technical tool that is applied when paying for a shipment of goods or services from one party to another
- प्रतित पत्र भन्नाले त्यस्तो औपचारीक र बिषेश बित्तिय उपकरण हो जसको माध्यमबाट लेनदेनको कारोवारमा बिश्वशनियता कायम हुन गई बैदेशिक ब्यापारमा सहजता हुन्छ ।
- कुनै एक बैंकले अर्को बैंकलाई फलानाको यति रुपैयाले खामे सम्मको चेक, ड्राफ्ट, बिनिमयपत्र वा बैदेशिक ब्यापार स्वीकार गर्नु भनि लेखे बिषेश शर्तहरु सहितको पत्रलाई प्रतित पत्र भनीन्छ ।
- प्रतित पत्र भनेको बिक्रेताको पक्षमा खरिदकर्ताको अनुरोधमा बैंकले जारी गरेको कागजात हो, यसले ग्यारेन्टी दिन्छ कि क्रेताले निश्चित समय भित्र बिक्रेतालाई सहमति भएको रकम भुक्तान गर्नेछ, यसमा बिक्रेताले पनि सम्झौतामा भएबमोजिमका शर्तहरु पालना गर्नु अपरिहार्य रहन्छ ।
- A Letter of Credit is a document issued by a bank at the buyer's request in favor of the seller; it guarantees that the buyer will pay the agreed amount of money to the seller within a specified period of time, provided that the seller conforms to the product specifications and document requirements of the buyer

Letter of Credit

- A letter of credit is a formal document, which a bank issues on behalf of the buyer to the seller. The document states that the bank will honour the drafts drawn on the buyer, for the goods supplied to him, provided the conditions written on the document are satisfied by the supplier (seller).
- The seller had to comply with all the terms and conditions set by the buyer and stated in the letter of credit.
- Further, he has to prove the conformity with conditions, by producing documentary evidence along with the relevant shipment documentation. Once the terms and conditions are met, the bank will transfer the funds to the seller.

प्रतितपत्र

- प्रतित पत्र एक औपचारीक कागजात हो, जुन बैंकले खरिदकर्ताको तर्फबाट बिक्रेतालाई जारी गर्दछ । यस कागजातको माफत यो निश्चय रहन्छ कि खरिद कर्तालाई पठाईएको सामानको भुक्तानी सहज रुपमा खरिदकर्ता आफैले गर्ने छु यदि नगरेमा बैंकले त्यसलाई भुक्तानी गरिदिने छ, तर त्यसका लागि प्रतित पत्रमा भएका सम्पूर्ण शर्तहरूको अक्षरस पालना गर्नु बिक्रीकर्ताको दायित्व रहनेछ ।
- बैंकले प्रतित पत्रको रकम भुक्तान गर्नु पूर्व, सामान साच्चै नै पठाईएको हो र पूर्व सम्झौता बमोजिम नै पठाईएको हो भन्ने एकिन गर्न प्रतित पत्रका आवश्यक कागजातको जांच गरेर मात्र भुक्तान गर्दछ ।

Parties to LC

Four Parties

- Applicant: Usually the buyer (importer)
- Beneficiary: Generally the seller (exporter)
- Issuing Bank: The Applicant's bank
- Advising Bank: The bank, usually in the Beneficiary's country

प्रतितपत्रका पक्षहरु

चार पक्षहरु

- आवेदक वा खरिदकर्ता वा आयातकर्ता
- बिक्रेता वा प्रतितपत्रको लाभकर्ता
- जारी गर्ने बैंक
- सल्लाह दिने बैंक वा बिक्रेताको बैंक

Process of LC

The process of LC:

- **Step 1:** agreement (purchase order, pro-forma invoice, formal contract. When and how to pay is fixed. Payment mode is fixed as LC.
- **Step 2:** Application for LC
- **Step 3** After approving the application, the issuing bank issues the actual letter of credit instrument and sends it to the seller (beneficiary).
- **Step 4** Having received the issuing bank's assurance of payment, the seller ships the goods to the buyer.
- **Step 5** The seller prepares the documents called for in the letter of credit and presents them to the issuing bank.
- **Step 6** The issuing bank examines the documents. If it determines that the documents comply with the letter of credit, the issuing bank pays the seller.

प्रतिपत्रको प्रकृया

- **प्रथम चरण:** आयात कर्ता र निर्यात कर्ता बिच व्यापारीक सम्झौता हुन्छ जसमार्फत खरिद आदेश, बिजक, औपचारीक करार आदि प्राप्त हुन्छ । यसमा भुक्तानीको साधनको रुपमा प्रतिपत्र भन्ने मा सहमति हुन्छ ।
- **दोस्रो चरण:** आयात कर्ताले बैंकमा प्रतिपत्रका लागि आवेदन दिन्छन ।
- **तेस्रो चरण:** निवेदन स्वीकृत भए पश्चात बैंकले प्रतिपत्र जारी गर्दछ र निर्यातकर्ता लाई उक्त प्रतिपत्र पठाउँदछ ।
- **चौथो चरण:** जारी गर्ने बैंकको प्रतिपत्र प्राप्त भए पश्चात निर्यात कर्ताले सामान पठाउँदछ ।
- **पांचौ चरण:** सामान पठाईसकेपश्चात निर्यातकर्ताले कागजात जारी गर्ने बैंकलाई पठाउँदछ ।
- **छैटौ चरण:** जारी गर्ने बैंकले कागजात जांचबुझ गरि प्रतिपत्र बमोजिम भए नभएको जांच गर्दछन । र निर्यात कर्तालाई रकम भुक्तानी गर्दछ ।

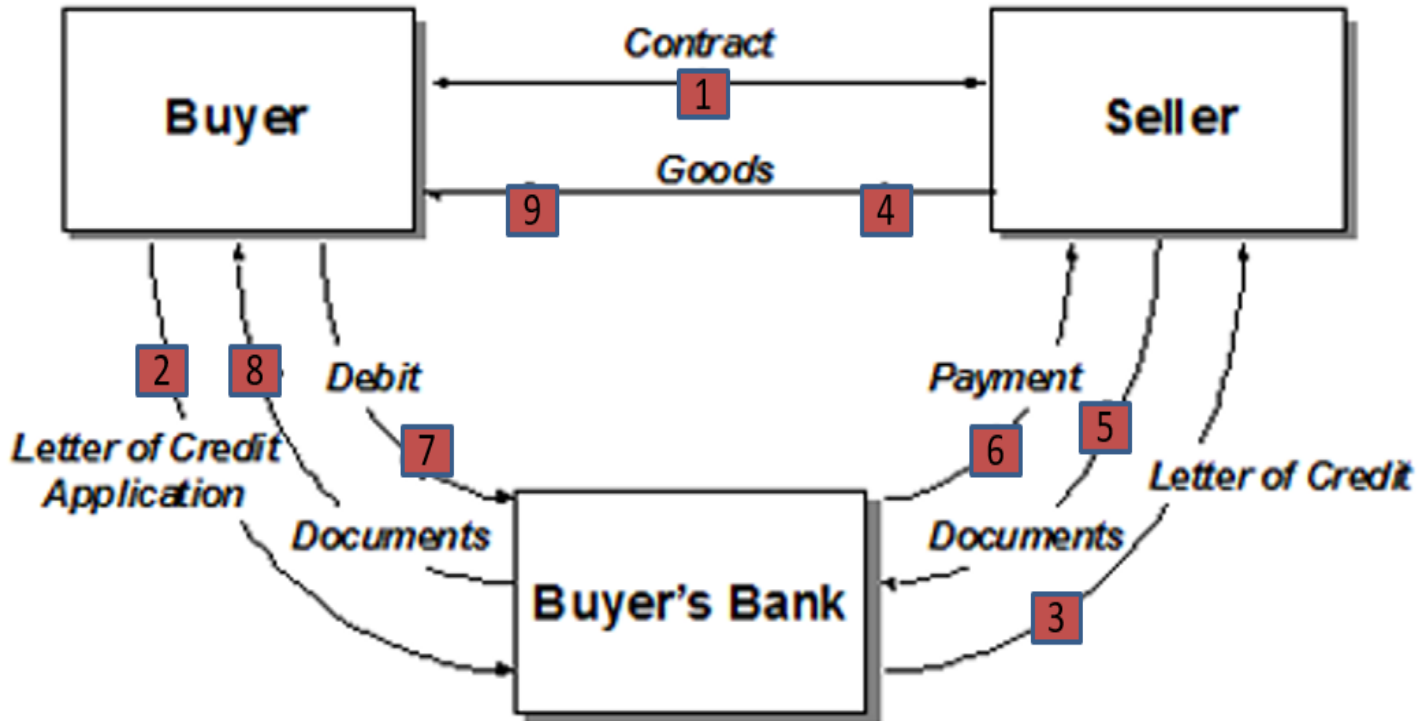
Process of LC

- **Steps 7 & 8** The issuing bank obtains payment from the applicant (buyer) in accordance with the terms of the applicant's letter of credit agreement and forwards the documents to the applicant.
- **Step 9** The applicant uses the documents to pick up the merchandise from the carrier, completing the letter of credit cycle.

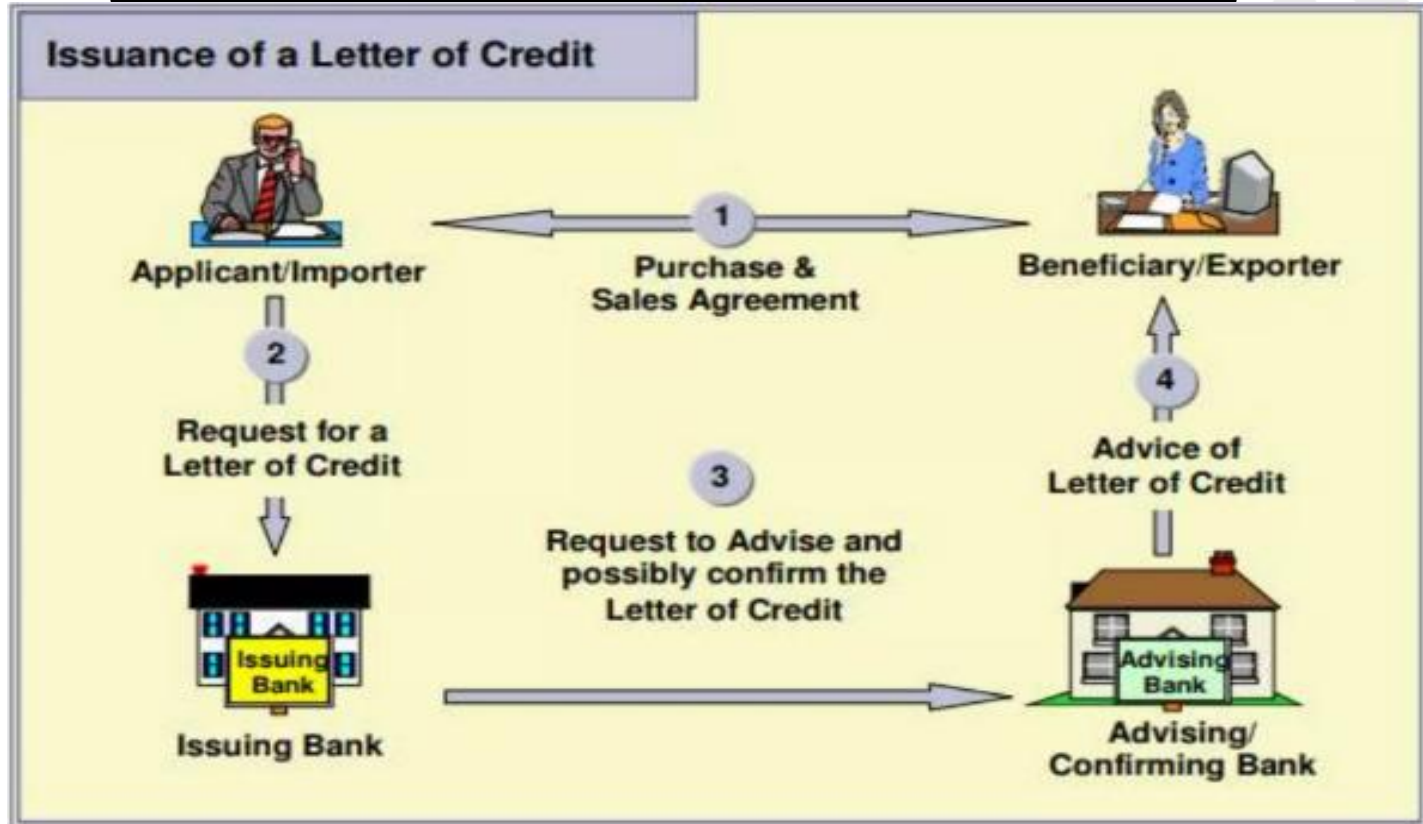
प्रतिपत्रका प्रकृया

- सातौ र आठौ चरण: जारी गर्ने बैंकले ग्राहकबाट रकम लिन्छ र प्राप्त कागजात ग्राहकलाई दिन्छन ।
- नवौ चरण: ग्राहकले कागजातको माध्यमबाट सामान भन्सार वाट छुटाउंदछन ।

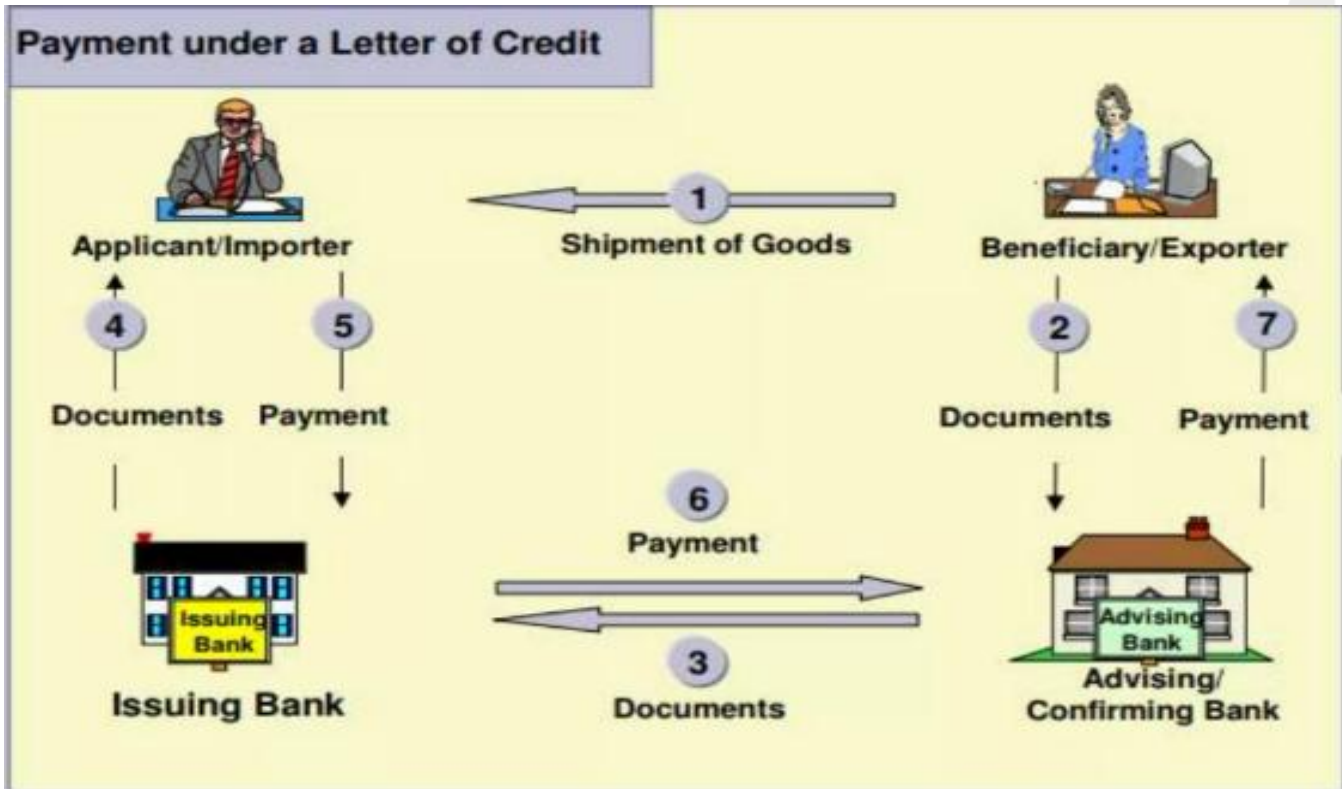
Process of LC



Letter of Credit



Letter of Credit



Types of LC

Irrevocable LC.

- This LC cannot be cancelled or modified without consent of the beneficiary (Seller). This LC reflects absolute liability of the Bank (issuer) to the other party.

Revocable LC:

- This LC type can be cancelled or modified by the Bank (issuer) at the customer's instructions without prior agreement of the beneficiary (Seller). The Bank will not have any liabilities to the beneficiary after revocation of the LC.

Confirmed LC:

- When a buyer arranges a letter of credit they usually do so with their own bank, known as the issuing bank. The seller will usually want a bank in their country to check that the letter of credit is valid. – For extra security, the seller may require the letter of credit to be confirmed by the bank that checks it. By confirming the letter of credit, the second bank agrees to guarantee payment even if the issuing bank fails to make it. So a confirmed letter of credit provides more security than an unconfirmed one.

Unconfirmed LC:

- the advising bank forwards an unconfirmed letter of credit directly to the exporter without adding its own undertaking to make payment or accept responsibility for payment at a future date, but confirming its authenticity.

प्रतितपत्रका प्रकारहरु

Irrevocable LC.

- यस प्रकारको प्रतित पत्र रद्द गर्न वा परिवर्तन गर्न सकिदैन यदि गर्नु परेमा लाभकर्ताको सहमति आवश्यक रहन्छ ।

Revocable LC:

- ग्राहकको वा खरिदकर्ताको अनुरोधमा यस प्रकारको प्रतितपत्रलाई रद्द वा परिवर्तन गर्न सकिन्छ । यसका लागि लाभकर्ताको सहमति आवश्यक रहदैन ।

Confirmed LC:

- निर्यातकर्ता वा लाभकर्ताको बैंक समेतले ग्यारेन्टी गरेको प्रतितपत्रलाई **Confirmed** प्रतितपत्र भनिन्छ ।

Unconfirmed LC:

- निर्यातकर्ताको बैंकले निरिक्षण गरेको तर ग्यारेन्टी भने नगरेको प्रतितपत्र यस प्रकारको प्रतित पत्र हो ।

Types of LC

Transferable letters of credit :

A transferable LC can be passed from one beneficiary (person receiving payment) to others. They are commonly used when intermediaries are involved in transaction

Stand-by LC

A standby LC is like a guarantee that is used as support where an alternative, less secure, method of payment has been agreed. It is an assurance from a bank that a buyer is able to pay a seller. The seller doesn't expect to have to draw on the letter of credit to get paid.

Transferable letters of credit :

एक ब्यक्तिबाट अर्को ब्यक्तिमा हस्तान्तरण वा स्थानान्तरण गर्ने प्रावधान भएको प्रतितपत्रलाई Transferable LC भनिन्छ ।

Stand-by LC

ग्राहको निरन्तरको कारोवारमा निश्चित समयमा ग्राहकले भुक्तानी गर्न नसके स भुक्तानी गरिदिन्छु भनि जारी गरिएको प्रतितपत्र हो । यसमा बैंक विश्वस्त हुन्छ कि ग्राहक आफैले भुक्तानी गर्दछ तर पनि बिक्रेताको आवश्यकता पुरा गर्न यस्तो प्रतितपत्र जारी गरिन्छ ।

Types of LC

Revolving LC :

The revolving credit is used for regular shipments of the same commodity to the same importer. – It can revolve in relation to time or value. – If the credit is utilized it is reinstated for further regular shipments until the credit is fully drawn. – If the credit revolves in relation to value once utilized and paid the value can be reinstated for further drawings. – Revolving letters of credit are useful to avoid the need for repetitious arrangements for opening or amending letters of credit.

Back to Back LC:

A back-to-back letter of credit can be used as an alternative to the transferable letter of credit. Rather than transferring the original letter of credit to the supplier, once the letter of credit is received by the exporter from the opening bank, that letter of credit is used as security to establish a second letter of credit drawn on the exporter in favor of his importer.

Revolving LC :

केहि निश्चीत समयसम्म कारोवार गरि रहने वा वारम्बार सामान आयत गर्ने ग्राहकको आवश्यकता बमोजिम प्रतितपत्रको सिमालाई पुनस्थापना गर्ने प्रावधान सहितको प्रतितपत्रलाई **Revolving** प्रतितपत्र भनिन्छ ।

Back to Back LC:

कुनै कारणवस प्रतित पत्रलाई स्थानान्तरण गर्नु परेमा त्यस्तो अवस्थामा पहिले भएको प्रतितपत्रको आधारमा प्रदान गरिने अर्को प्रतितपत्रलाई **Back to Back** प्रतितपत्र भनिन्छ ।

Types of LC

Payment at Sight LC.:

According to this LC, payment is made to the seller immediately (maximum within 7 days) after the required documents have been submitted.

Deferred Payment LC:

According to this LC the payment to the seller is not made when the documents are submitted, but instead at a later period defined in the letter of credit. In most cases the payment in favor of Seller under this LC is made upon receipt of goods by the Buyer.

Red Clause LC:

The seller can request an advance for an agreed amount of the LC before shipment of goods and submittal of required documents. This red clause is so termed because it is usually printed in red on the document to draw attention to "advance payment" term of the credit.

Payment at Sight LC.:

आवश्यक कागजात प्राप्त हुने बित्तिकै भुक्तानी गर्ने भनेर जारी गरिएको प्रतितपत्रलाई **Payment at Sight** प्रतितपत्र भनिन्छ ।

Deferred Payment LC:

आवश्यक कागजात प्राप्तहुने बित्तिकै भूक्तान नगरेर प्रतित पत्रमा उल्लेख भएको मितिमा वा वस्तु प्राप्त भए पश्चात रकम भूक्तान गरिने प्रतित पत्र यस प्रकारको प्रतितपत्र हो ।

Red Clause LC:

कागजात र सिपमेन्ट हुनु अगावै अग्रिम भुक्तानीको प्रावधान भएको प्रतितपत्रलाई **Red Clause** प्रतितपत्र भनिन्छ । यो प्रतितपत्र रातो कागजमा छापिन्छ भने अग्रिम भुक्तानीका लागि प्रावधान गरिएको हुन्छ ।

Letter of Credit



Documents Under Letter of Credit

- Financial Documents
- Commercial Documents
- Transport Documents
- Risk Covering Documents

Documents for LC

- **Commercial Invoice (Proof of Value)**
- **Bills of Lading (Proof of Shipment)**
- **Packing List (Proof of Packing)**
- **Certificate of Origin (Proof of Origin)**
- **Inspection Certificate (Proof of Quality)**
- **Insurance Certification (Proof of Insurance)**
- **Health Certificate of Phytosanitary Certification**
- **Consular Invoice or Legalized Commercial Documents**
- **Draft or Bill of Exchange (Negotiable Instrument to be given to the bank)**

Advantages of LC

Advantage of Letter of Credit:

For Importer/Buyer/Applicant

- Reasonable cost of funding
- Financing of up to 100 pct of contract value
- Easier to do business with unknown sellers
- No payment is made until documentary evidence is received showing shipment details and thus ensures the supply of the goods.
- Documents are examined in compliance with International Chamber of Commerce rules and the terms of the L/C
- Preservation of acting discounts of suppliers

For Exporter/Seller/Beneficiary

- Certainty of payment i.e. reduces the payment risk
- Financial standing of the buyer is replaced by the issuing bank
- In case of confirmed LC, additional assurance from the Confirming bank

केताको लागि

- भुक्तानीको उचित लागत
- करार सम्भौताको पुरै बित्तपोषण
- नचिनेको बिक्रेतासंग पनि सहज कारोवार
- जवसम्म सम्पूर्ण शर्तहरु पुरा हुदैनन तवसम्म भुक्तानी गरिदैन ।
- कागजातहरुको जांच हुने र कानुनि कार्यवाहि अन्तराष्ट्रिय मान्यता बमोजिम हुने ।
- प्रतितपत्रको माध्यमवाट भुक्तानी हुंदा प्राप्त हुने छुटको उपभोग गर्न सकिने ।

बिक्रेताको लागि

- भुक्तानीको ग्यारेन्टी
- ग्राहकको बदलामा बैंकको ग्यारेन्टी र भुक्तानी प्राप्त हुने
- Confirmed प्रतित पत्रको अवस्थामा थप सुरक्षा

Challenges of LC

Documentation issues

Compliance issues

Fraud

Disputes

