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Chapter 7
Electronic Trade and Electronic Presentation of Export Documents in Documentary Credits

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ABSTRACT

Documentation plays a very important role in international trade. Information technology has changed practises in international trade as well. In this chapter, international rules of electronic presentation of documents under documentary credit are defined to guide importers and exporters. This will enable them to speed up transactions to conduct their business as per these rules. Paperback presentation and electronic presentation international rules differences are explained. Electronic presentation will help import export management to facilitate transactions which will increase international trade volume. It is recommended that electronic presentation will help them to speed up their transactions. In the long run, electronic presentation will be cheaper compared to paper presentation and much safer.

INTRODUCTION

Electronic trade has increased with internet. Electonic transactions to be affected smoothly requires legal framework as well. As it is comparatevily new that is created and increased with internet, international electronic trade, which is a cross-border transaction, requires a legal system for a healthy progress (Weber, 2007). International trade is total of import and export of goods, across borders. In other words, buyers and sellers are in different countries. If buyers and sellers are in same country, then it is local trade. Whether local trade or international trade, main concern of seller is to receive money as soon as possible and main concern of buyer is to receive goods in time, in good condition as per sales contract. The same thing applies for international trade, receiving goods for importer and receiving money for exporter, main concerns are the same as local trade.

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The main difference between local trade and international trade is that import- export is affected between two different countries, via customs clearance, across borders. Customs do not deal only with goods, passengers travelling abroad have to pass through borders, at the same time they pass through the customs as well. Just like passengers travelling abroad require documentation like passport, if necessary visa for the country they are travelling to, same thing applies for goods as well. Exported goods have to be cleared via exporter's country's border/customs and imported goods have to be cleared via importer's country's border/customs with these required documentations.

Documents are so important in international trade that payments are mainly based on shipping documents, namely payment against documents and documentary credit payments. Specification and presentation of the shipping documents are subject to worldwide accepted international rules set by ICC (International Chamber of Commerce). Importers and exporters must be aware of these rules and be careful to comply with these rules to receive payment and to receive goods in time.

Although majority of shipping documents are still presented physically paper-based by the exporter, with information technology impact in international trade which can be named as e-trade or e-export in international trade, e-presentation, electronic submission of documents has started to replace physical/ manuel submission of paper documents.

With the increasing tendency for e-trade and expected increase in electronic presentation, International Chamber of Commerce (ICC) has published International Trade Rules for Electronic Submission of Documents (e-UCP) as a supplement to with the revision of UCP 600. This chapter covers the difference between the rules of physical submission and e-submission of shipping documents.

BACKGROUND

This chapter aims to provide information about international rules of electronic and paper based documentation presentation in documentary credits (known as letter of credit). The differences between electronic presentation and paper presentation of documentary credit documents. Providing information about main process of the transactions, reasons why either presentation method must be used. International rules of documentary credit issued by ICC (International Chamber of Commerce), interpretations with reference to literature review and with discussion and conclusion.

DOCUMENTS ROLE IN INTERNATIONEL TRADE

Documents play a very important role in international trade. International trade is trade between different countries, cross borders, which means importer and exporter most probably have never met, do not know each other, do not trust each other, do not know other country and their rules, traditions etc. Documentation is vital in customs clearance as well, clearance of goods require specific documentation, as all countries want to protect their borders, want to control not only people leaving and entering country, governments follow goods import and export as well. All is done via documentation in customs clearance. Not only for customs for international trade payments, the most important document is the unique, original bill of lading/transport document because original bill of lading/transport document is a negotiable document, representing ownership/title of the goods.

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International organisations try to increase international trade by applying standard applications, standard rules to facilitate international trade transactions. Standardization of international rules help importers and exporters to avoid misunderstanding due to different languages, different cultures. As they are in different countries, in local trade it is easier to solve disputes because both parties are subject to same local law, but this is not the case in international trade, standard rules are important as well. Although paper documentations will not be used it is not that easy to apply to this in international trade because of complex processes of international trade (Civelek et al., 2017).

Open Account

If importer and exporter agree on open account, this means importer will clear goods first and then transfer the value of the goods to the exporter at a time agreed upon among themselves, must be able to clear goods through customs. In this case, exporter will ship the goods and bill of lading/transport document will be issued directly in the name of the importer and exporter will send the necessary documents to clear goods directly to importer, of which importer will clear goods with these documents.

Advance Payment

Same process only importer pays in advance to exporter, then the process is the same, exporter ships goods, prepares shipping documents and having received the value of the goods in advance, transportation document issued in the name of the importer will be sent directly to importer via special courrier to enable him clear goods through customs.

D/P Documents Against Payment (Payment Against Documents or Cash Against Documents)

Advance payment and open account payment terms are used where importer and exporter trust each other. They might know each other or in the contrary one of the parties might be so powerful that other weak party has to accept the terms and act accordingly. Payment against documents is a term where both parties do not trust each other, and banks are involved in the process as follows. They agree upon payment against documents basis, exporter ships goods, prepares original bill of lading/transport documents in the name of (usually importer's) BANK, sends shipping documents to importer's bank with instruction to deliver documents to importer documents against payment. Importer's bank advises exporter about import documents, importer applies to bank, pays documents value, in return, bank delivers documents by endorsing bill of lading/transport document in favour of the importer to enable importer to clear goods through customs.

Acceptance Payments

In addition to above mentioned payments acceptance payments are also used in international trade. Main difference between other payments and acceptance payments is there is an instrument called draft, which can be sight draft or time draft, called acceptance because a draft is issued by the beneficiary (drawer) and accepted by the debtor (drawee). If buyer and seller agree upon a payment derm to be paid in a future date and a time draft is required among other documents this payment order is called acceptance

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payments. If it is acceptable only by importer it is called trade acceptance. However, it is usually either a bank acceptance (bank accepting the draft) or bank guaranteed acceptance where (usually importer's) bank avalizes the draft which is accepted by the importer, of which bank guarantees payment in case importer does not pay at the maturity date of the draft.

In all these payment terms either one of the party is in a disadvantageous position. Even in documents against payment term, exporter is not sure whether importer will pay for the documents value and receive the documents in return. There is no enforcement on importer to the so, plus importer might go bankruptcy etc after sales contract and may not be able to pay, ICC 522 says that collecting bank will return documents if not heard within 60 days. There comes documentary credit payment a conditional payment order which protects both parties as follows.

DOCUMENTARY CREDIT

Documentary Credit (commonly known as letter of credit) is a payment method used in international trade. Documents play a very important role in international trade not only for payment terms, it is important for both importer and exporter because international trade is based on documentation for customs clearance as well. As the name 'documentary credit' itself is self-explanatory, documentary credit payment is a payment method where documents stipulated in letter of credit are presented in compliance payment is affected by the issuing bank. For these reasons, 'Documentary Credit' will be used hereinafter in this chapter.

There are two main groups of documentary credits (letters of credit) namely, Commercial documentary credit (letter of credit) and Standby documentary credit (letter of credit). The main difference between

Commercial Documentary Credit and Standby Documentary Credit can be defined as, 'Commercial' term inserted to distinguish from standby documentary credit, however sometimes the word 'documentary' is inserted and used as 'documentary letters of credit' is used which is not correct as 'document' is required in all letters of credit, in other words they are all documentary (Byrne, 2012).

In other words, the difference between commercial documentary credits and standby documentary credits are that commercial documentary credits are payable if conditions of documentary credit are met and stipulated documents are presented in compliance with documentary credit. However, in standby documentary credit, it is the opposite, in other words, if the conditions of standby documentary credit are not met by the beneficiary, bank will pay. Why does commercial documentary credit guarantee payment upon meeting conditions of documentary credit and why does standby documentary credit pay when the conditions of standby documentary credit are not met?

That is because especially in United States banking system, standby documentary credits are used in lieu of letter of guarantees. Letter of guarantees guarantee payment if applicant is in breach of a contract, like the following cases if importer does not affect payment of goods imported, if exporter does not refund advance payment, nor ship the goods, issuing bank of standby documentary credit has to pay upon presentation of e.g. a declaration signed by beneficiary stating that applicant is in breach of contract.

Whereelse in commercial documentary credits it is the contrary, if the beneficiary meets the conditions of documentary credit and presents stipulated documents in compliance with letter of credit, issuing bank of documentary credit has to pay.

Standby documentary credit can be issued as subject to ICC publication (ISP 98 - International Standby Practices) however if requested they can be issued as subject to UCP 600 as well, because both types of

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documentary credits require documentation presentation for payment. Documentary credit users must be aware of difference between commercial documentary credit and standby documentary credit and must be able to differentiate the difference especially if standby documentary credit is issued subject to ICC Uniform Customs and Practice for Documentary Credits-UCP 600 as well.

Documentary Credits are subject to Uniform Customs and Practice for Documentary Credits rules which are are not compulsory rules. In other words, these rules are not laws applied by governments. These rules are voluntarily accepted by importers and exporters and other related parties like banks, applicants (importers), beneficiaries (exporters), carriers, insurers etc. These rules are self-regulated industry rules issued by ICC (International Chamber of Commerce) located in Paris. ICC is an organisation consisting of local chamber of commerces of countries all over the World.

The first letter of credit rules was used since 1933. ICC has revised UCP several times since 1933. The latest version has been published in 2008. Documentary credit were used in ancient Egypt and Babylon and were common in 19th century, especially in Europe. It has been started to be used in United States as trade increased with Europe and 'letter of credit' has been started to be used worldwide. Documentary credit format has been started to be used for standby letter of credit, that is a bank guarantee which is subject to UCP 600 as well.

Documentary credit does not have to be issued by banks only and they can be issued by an individual or a by a company as well. As a nice example for this case is the hand-written letter and signed by Thomas Jefferson, the president of United States on 4th of July, 1803 in favour of explorers Captains Lewis and Clark for their expolaration of West Part of US (ICC, 2008). President Jefferson, authorised 'the explorers, Captain Lewis and Captain Clark' to draw on the United States Secretaries of State, Treasury, Consuls etc declared that the drawn amounts would be paid at the payment date.

In 19th century, merchants used to travel all around the world to find new markets and to sell their goods or buy raw materials etc. for trading. However, it was not safe to travel with large amount of cash therefore the merchants were offered a traveller's letter of credit by their banks, which enabled them to get cash from their bank's correspondent banks during their overseas visits to find new markets. The merchants with the traveller's 'letter of credit' applied to their bank's correspondent banks in overseas and applied for cash, if necesary. The origin traveller's 'letter of credit' document was delivered to the merchant. In addition to the 'letter of credit' the bank issued an introduction letter addressed and sent in advance to their overseas correspondent banks introducing the merchant and request them to pay upto the amount mentioned in letter of credit document. The original 'letter of credit' stated that the amount paid by the correspondent bank to the merchant, not exceeding the maximum amount of the 'letter of credit' and within the expiry date under the said 'letter of credit' would be paid by themselves i.e. the issuing bank. Each payment details (amount, date, etc.) under the traveller's 'letter of credit' would be written on the original letter of credit document and the merchant would keep the original letter of credit document.

Letter of credit issued by banks made merchants' lives easier so that they could make necessary arrangements for goods to be shipped from overseas without carrying large amounts of cash. Origin of 'letter' come from travellers 'letter of credit' issued by banks for their correspondents to enable their customers/merchants to receive money in their overseas trips for new markets and are widely used today in international trade as a payment method.

When importer and exporter agree on payment term as 'documentary credit' (letter of credit) they also agree upon documents required as well. Documentary credit issued by importer's bank covers the required documents to be presented for payment. In other words, documentary credit is a conditional payment order issued by issuing bank which is usually the importer's bank and advised to exporter,

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via advising bank, usually which is exporter's bank. Upon receipt of documentary credit from issuing bank, exporter has got a conditional payment order that is once he presents documents in compliance with documentary credit and complies with the conditions of letter of credit, issuing bank has to pay to exporter. This is a safe method which protects both importer and exporter because importer is sure that issuing bank will pay only upon receipt of documents in compliance with documentary credit and exporter is sure that he will paid once he presents documentary credit compliance documents whether importer may not be able to pay or not due to financial risks. Documentary credit rules are subject to UCP 600, the Uniform Customs and Practise issued by International Chamber of Commerce (ICC) latest revision published in 2007.

As documentary credit is a conditional payment order issued by a bank (usually buyer's or applicant's bank), in favour of beneficiary (seller). It is an irrevocable undertaking (in other words can not be cancelled). Issuing bank guarantees payment to beneficiary upon presentation of documents in complaince with required documents stated in documentary credit and if other conditions of documentary credit (like presented within latest presentation date and within expiry date etc) are met by beneficiary.

Documentary credit are not used only for import and export purposes. They can be used for services as well. It is a payment method used in international trade, although there is no restriction that it can not be used locally, if both parties agree, letter of credit payment method can be used in local payments, within the same country as well.

It can be issued by an individual or any company as well. If beneficiary accepts of course. As documents and conditions will be controlled by buyer/applicant himself, a beneficiary may not accept this. The main reason for choosing documentary credit payment method is that beneficiary/seller/exporter does not trust buyer and wants to make sure that payment will be affected upon presentation of documentary credit compliance documents and other documentary credit conditions are met.

Therefore, it is not a common practise that buyer company issues its own documentary credit in favour of beneficiary/seller. Issuing bank (applicant's bank) issuing documentary credit via (usually) authenticated swift is worldwide common practise. Sometimes due to political risks, country risks etc beneficiary might insist on another bank (usually in beneficiary's bank) to confirm said letter of credit, which means, the second bank will also pay upon credit complaince documents presentation and other documentary credit conditions are met.

Process of a simple letter of credit process can be summarized as four steps, four parties as follows;

(1) Sales Contract between importer and exporter, covering payment term as documentary credit, required documents, other terms like latest shipment date, latest presentation date, expiry date etc. Sales contract is beginning of process and actually documentary credit is a mirror of sales contract. Therefore, parties must be careful with conditions of sales contract to avoid documentary risks (Meral, 2018).
(2) Issuance of Documentary Credit by applicant's bank, as per applicant's instruction and and sends conditional payment order, i.e. documentary credit to usually beneficiary's (exporter) bank via authenticated swift to be advised to exporter.
(3) Shipment of goods by exporter (if documentary credit is accepted with conditions and stipulated documents) and presentation of documents in compliance with documentary credit to advising bank to be presented to issuing bank or for payment if advising bank has confirmed documentary credit.

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(4) Payment if presented documents are found in compliance with documentary credit, and other conditions of documentary credit are met by exporter and delivers original documents to importer against payment for customs clearance. Bank is obliged to make payment to beneficiary even if applicant fails payment.
(5) Advising bank effects payment to beneficiary's account.

Documentary credit payment is preferred by both parties, importer and exporter because exporter knows that he will be paid if he presents documentary credit compliance documents and meets documentary credit terms. Importer knows that payment will be affected if exporter meets documentary credit terms and presents stipulated documents in complaince with documentary credit. Both parties trust their banks and banks proceed transaction as per Uniform Customs and Practice for Documentary Credits (UCP 600) rules.

UCP 600-UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS

Documentary credit payment terms are subject to articles of UCP 600 (Uniform Customs and Practice for Documentary Credits). The first UCP (Uniform Customs and Practice for Documentary Credits) rules were published in 1933. With globalization increase international trade has also increased. ICC to update (International Chamber of Commerce) revised the Uniform Customs and Practice for Documentary Credits rules accordingly. The latest revision, which was the sixth revision of Uniform Customs and Practice for Documentary Credits, namely UCP 600 has been started to be used by as of July 2007.

The said rules are prepared by the Banking Commission of ICC which tries to standardize rules for world wide common practise. There are 39 articles in UCP 600, however any clause might be excluded with mutual agreement of importer and exporter.

However, it is strongly recommended that both parties must try to avoid to exclude these clauses as all clauses are prepared and accepted after long discussions and accepted only after all the related, interested parties' opinions. Exclusion request and acceptance of the exclusion request might end up with a loss of one of the parties.

Documentary credit is issued by applicant's (importer) bank. It is a reflection of sales contract conditions. Exporter must peruse the conditions of documentary credit and the documents stipulated in the documentary credit whether he can comply with the conditions and whether he can present the required documents in compliance. If exporter has any hesitations with the conditions and stipulated documents, exporter must request importer to amend the said conditions.

Documentary credits are payable against documents required in documentary credit are presented in compliance with the documentary credit and if other conditions of documentary credit are met. Therefore, if exporter can not meet the conditions of documentary credit exporter must request an amendment from importer, to instruct the issuing bank to amend the said clause.

Documents Presentation in Documentary Credit

Documentary credit issuance and payment processes are handled by banks electronically via swift system. Presentation of documents are presented electronically for examination within banks because international trade departments are located in head offices, therefore branches scan documents and send

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them to centralize international trade department in their head office. However, original of documents are sent via special courrier to head office for final checking and sent to issuing bank by international trade department. Presentation of documents plays a vital role in documentary credit payment process since merchants started using documentary credit payment term. Payment is affected against / upon presentation of complaince documents stipulated in documentary credit.

UCP 600-Uniform Customs and Practice for Documentary Credits requires that if there is no specified presentation period in documentary credit, beneficiary must present documents within maximum 21 calender-days after shipment within documentary credit expiry date (Article 14). Banks must check presented documents within five business days following presentation date and decide whether the documents are in compliance with documentary credit or not.

Original Bill of Lading/Transport Document Presentation Rule in Documentary Credits

Documentary credit presentation rule (Article 14) latest presentation date 21 days after shipment date requires original bill of lading/transport document to be presented. In other words, presentation period starts with presentation of original/unique negotiable bill of lading/transport document for presentation period to start.

As per UCP rules, presentation date is verified with presentation of original transport document. Original transport document is the most important document in documentary credits. Original bill of lading is a negotiable document. Bill of lading shows title of goods, in other words ownership of goods. Negotiable documents are endorsable documents and with delivery and endorsement new bona fide holder is the owner.

This rule protects both importer and exporter because importer knows that payment will be affected only after shipment as presentation requires original shipping/transportation document showing that goods are shipped.

Transport document, original bill of lading usually issued other than exporter and importer, are issued to order of bank which enables controlling ownership and title of goods. Exporter is protected as well because payment is affected before goods are delivered upon presentation of original shipping / transportation document showing that goods are shipped.

Although other transport documents are not negotiable documents however in practise, transportation companies take into consideration of whom original transportation document is issued in the name of to deliver goods. So, does customs authorities for example Turkish Customs officials do not permit clearance of goods through customs unless the endorsed transport document is presented whether it is original bill of lading which is negotiable and endorsable or any other transport document.

One of the reasons for banks to prefer negotiable documents, i.e. original bill of lading is that original bill of lading issued in the name of or to the order of themselves are used as a secondary collateral. They control possession of the goods, as original bill of lading represents ownership, title of the goods during the process. Therefore, documentary credits usually request original, unique, negotiable paper documents such as bill of lading issued or endorsed to order of themselves, thereby controlling goods ownership as carrier has to deliver goods to holder of original bill of lading of whose name bill of lading is issued.

To avoid non-payment or delays due to discrepancy of late presentation or non-presentation of original shipping document, parties must agree at the beginning about presentation of original bill of lading/

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transport document. Paper-based, original bill of lading/transport document presentation is required to be in compliance with UCP600 article 14 in documentary credit payment term.

Banks have started long ago electronic issuance and payment process of documentary credit with telegraphic transmission. At the beginning, during transition period banks used both methods, that is, they sent the authenticated documentary credit followed with the paper backed original via post. However, as time passed, with the common practise accepted by all parties, banks started to send authenticated documentary texts, with a note that no original document would follow and that the authenticated documentary credit message would be the original. Documentary credits are issued with no signature, no paper original etc. are used worldwide with authenticated swift message transmissions today. Payments are affected electronically (telegraphic transfer) via swift sytem since 1977. Before swift payments were affected via telex was used between banks with manuel authentication tables. Today swift system automatically authenticated messages between banks. Today there are eleven thousand banks and financial institutions are members of the SWIFT system all over the world with an average of 28 million message per day (swift.com).

Although related legal frame is already published by ICC e-UCP-Supplement to the Uniform Customs and Practise for Documentary Credits for Electronic Presentation, paper-back presentation is still preferable by all parties.

Original of negotiable documents presentation is main issue of documentary credits payments. In addition to legal requirements of an 'original' negotiable documents, it is a legal requirement of documentary credits that original bill of lading/transport documentation is required to comply with presentation period condition of documentary credit as well.

Documentary credit process compared to other payment methods are more complex and requires specialisation for presented documentary examination. Although it is safe and protecting both parties, subject to common rules of UCP accepted worldwide, due to discrepant documents presented, payments may not be paid immediately upon presentation of documents. To avoid documentary risks both parties must be cautious.

Banks, by issuing documentary credit are aware of the potential risks and that once having sent documentary credit swift message know that independent from importer whether importer's financial status might be worse and may not be able to pay goods value upon credit complaince documents presentation, issuing bank itself has to pay documents value.

However, documentary credit is one of the most important basic finance technique of sellers/manufacturers especially in developing countries, where small manufacturers can not afford other alternative finance methods. Upon receipt of a documentary credit from importer's bank, whether deferred or sight payment, manufacturer or seller knows that upon credit compliance documents presentation and meeting conditions of documentary credit, issuing bank will affect payment independent from applicant/buyer. That is actually a bank guarantee for exporter. Even if it is a deferred documentary credit, exporter always can ask for discount of documentary credit, where he can receive payment before maturity date. Which will enable importer to pay at maturity whereelse exporter to receive upon presentation of stipulated documents in complaince with documentary credit. Actually, in this case documentary credit is financing both parties.

With globalisation, innovation, international trade increase helped developing countries to integrate with other countries via international trade. However, parties not knowing each other, not trusting each other, prefer payment methods which enabled them to bypass this barrier. Documentary credit is one

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of the best methods for parties who do not know and who do not trust each other and especially for manufacturers too who can not afford other payment methods.

ELECTRONIC PRESENTATION OF DOCUMENTS IN DOCUMENTARY CREDITS

Innovation with information technology changed everything in our lives as all sectors in economy, including international trade. With globalisation, digital certificates/documents have started replacing paper-based documents. Having foreseen trend increase ICC (International Chamber of Commerce) has started working on electronic presentation of digital documents and ICC published e-UCP as a supplement to UCP 600 (Uniform Customs and Practice for Documentary Credits) and named it as eUCP-Supplement to the Uniform Customs and Practice for Documentary Credits for Electronic Presentation of electronic documents submission of documentary credit documents in April 2002.

However electronic documentation presentation is not up to the expectation and majority of presentations are still manuelly paper-based documents. International trade documentation is complicated, involves too many parties along with importer and exporter, importer's bank, exporter's bank, insurance company, transportation company, chamber of commerces, expertise companies, customs consultant, customs authorities etc. and process of electronic presentation and paper-based presentation of documents are completely different. The standards for electronic documentation are not clear yet. Furthermore, paper documentation presentation has been used for years and trustable, and it is not easy for the parties to trust and use electronic documentation.

e-UCP-Supplement to the Uniform Customs and Practise for Documentary Credits for Electronic Presentation

As a supplement to UCP, eUCP allows both electronic and paper-based document presentation. It enables digital certificates equivalent of paper-based documents electronic presentation. In other words, electronic presentation is not in conflict with paper-based presentation, there is no need to make an amendment for electronic presentation. When taken into consideration together UCP and e UCP provide necessary rules for electronic presentation.

eUCP does not need for specific private technologies or specific systems to process electronic presentation easier. In other words, the technology and systems to be used in electronic presentation as per eUCP are subject to mutual agreement of documentary credit parties. eUcp, as a supplement to UCP600, is in compliance with UCP 600 except electronic presentation clauses. To avoid confusion between eUCP and UCP clauses, the letter 'e' is inserted in front of the numbers for eUCP clauses. The eUCP rules accompany UCP 600 rules of documentary credit issued by ICC.

Documentary credit issuance and payment is already handled electronically via swift system by the banks. Although eUCP has been published for electronic presentation, majority of documents are still paper based presented. Main reason for this is the unique, original, negotiable documents presentation requirement in letter of credits. Therefore, eUCP is a supplement of UCP600 and allows both paper and electronic presentation of documents under documentary credits.

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UCP vs. EUCP

- eUCP is only a supplement to UCP 600 and must be used with UCP600, that is if a documentary credit is issued subject to eUCP, it is automatically subject to UCP 600, and there is no need to clarify or mention it in documentary credit text.
- A documentary credit issued subject to eUCP, articles of eUCP is valid or suppress UCP 600 rules if application of rules have different outcomes/results.
- If a documentary credit subject to eUCP credit allows beneficiary to choose either electronic presentation or paper-based presentation and if beneficiary chooses to present paper documents, then documentary credit is subject to UCP only.
- If a letter of credit issued subject to eUCP however only paper-based presentation is allowed, then UCP rules will apply to presented documents.
- Presentation place in eUCP is the mail address or the web site given in documentary credit.
    - Presentation place in UCP is the bank given in 41A available with bank in documentary credit text.
- Documents are received digitally via e-mail or web site in eUCP.
    - Documents are received physically, manually by the 41A available with bank in UCP.
- Documents can be presented partially or all of them electronically in eUCP,
    - Partially paper based presented documents are automatically subject to UCP.
- If all documents are paper based presented, they are subject to UCP.
- Electronic/digital document must be in any format (like word, exml, pdf) which can be opened and examined with the bank's system.
- Electronic presentation does not have to presented only with one presentation, at the same time, electronic documents can be presented seperately within presentation period given in documentary credit.
- Upon completion of seperate presentation of documents, beneficiary must give a notice to the bank that presentation has been completed (hereinafter called as 'letter of completeness' document) with documentary credit reference
- If 'Completeness notice' is not received by the bank, it is accepted as 'presentation is not completed' and bank has no responsibility, beneficiary is responsible from 'not presenting' documents, although all documents might have been presented separately.
- Electronic presentation must be authenticated, in other words with pin numbers etc like internet banking otherwise in other words if there is no authentication, presentation must not be done.
- If banking system is off/down and presentation can not be made, it is considered as 'force majeur' reason and the bank is accepted as closed (like weekend, official holiday, etc.). When bank system starts working and presentation is completed, it is considered as documents are presented the following business day.
- 'Completeness notice' document might be paper-based presented.
- If there is a link in an electronically presented document and if the link does not work, it is discussion and solution, future study recommendation, key term explanatitionas 'discrepant document'.
- If nominated bank, examines electronically presented documents and sends them to issuing bank, it is considered that electronically presented documents are presented with authentication.
- If banks define a format for presentation and upon presentation if bank can not open the defined format, bank can not reject the said documents.

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- Examination period is the same with UCP, within five business days following 'letter of completeness' date.
- If presentation period is extended due to bank's system failure, examination period starts following next banking day, after the bank's system starts working and presentation is completed (following business day after 'Completeness notice').
- Electronic presentation can be rejected by the bank, if does not receive any instruction within 30 days, bank can return document or can delete electronically presented documents in eUCP.
    - Bank sends notice of refusal (MT734) in UCP
- If multiple originals are required, original digital document in the system is sufficient.
- In transport documents, date of sending is considered as issuance date of transport if there is no other dates like issuance date/notation date etc.
- If electronic/digital document is corrupted and can not be examined, bank requests re-presentation (re-submission) of the said document, the examination period is frozen / pending till the next resubmission date and upon re-submission, the following business day starts for the remaining dates of examination period (if re-presentation was requested on the 2.day, with re-presentation the remaining examination days are 3 business days, not five business days after presentation).
- If re-presentation is not done within 30 days, it is considered as not presented.
- eUCP version 1.1 can be used with UCP 600 and is a supplement document.
- eUCP can be used for both paper-based presentation and electronic presentation, or fully electronic presentation which enables a flexible approach, during transition period where parties will be used to the application.

eUCP articles can be summarized as follows:

1. UCP 600 articles which do not have an equivalent article in eUCP and which can be applied to an eUCP article can be applied.
2. UCP Articles 4-9 and article 12 remain unchanged.
3. eUCP clauses which do not contradict with UCP 600, give additional information about e.g. related with electronic / digital documents but do not affect or contradict with paper-based documents subject to UCP 600 like in eUCP, article e3(a) which defines terms of eUCP.
4. eUCP articles related with only electronic/digital documents (e.g. e11 and e12) so there is no change with UCP 600 articles under a documentary credit subject to eUCP.

SOLUTIONS AND RECOMMENDATIONS

Although ICC, International Chamber of Commerce, has done in advance forecasting the e-business boom, electronic/digital documentation, has released original version of electronic presentation in 2002 as a supplement to UCP 500 which was latest version of the year. eUCP was designed for both paper and electronic presentation for authenticity. At the same time for refusal of original, unique document (i.e. bill of lading/transport document, negotiable document, showing the title/ownership of the goods) by banks etc. which might lead to non-payment or delay in payment.

However, paper presentation of documentary credit documents are still widely used. Literature review resulted with no statistics found for electronic presentation. Only Bryne referred a case (KEB,

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2010) where Korean Exchange Bank, has issued a letter of credit, subject to eUCP, in 2010. However electronic presentation of bill of lading, insurance and analysis and weight certificate presentation via Bolero's trade firm was not permitted by the bank.

Bolero, Electronic Bills of Lading (eB/Ls)

Electronic bill of lading has been used since 1980s (BCF, 2016), but due to the reasons already mentioned above in this chapter, banks and importers insist on receiving original, unique, paper bill of lading. Bill of lading, which is a paper negotiable document, showing title of goods prevent/avoid electronic bills of lading to be used worldwide. Although it was expected that with Bolero-SWIFT integration, there would be an increase in electronic presentation of bill of ladings, the majority of presentations are still paper-backed.

Another reason other than simply requesting original, signed, paper negotiable document, is the investment costs because system integration with Bolero is a cost which must be born by banks, importers, exporters, transportation companies etc.

Another reason might be bank's cost and charges which are reflected to customers. On paper-based documentation, of which they are accustomed, they do not pay swift charges. Although swift is non-profit center and do not charge their members extra, banks put additional mark up charges of which customers refrain using swift in their transactions if they have an alternative option during their transactions.

Banks must consider that electronic/digital documents are cheaper, to archieve, easy to process, secure and actually cheaper and that their investments will pay back in the long run for the customers as well avoiding courrier charges and speeding up transactions. Time is money, shorter process, cheaper cost.

Another important aspect of electronic/digital document presentation is to avoid fraud transactions. It is very difficult to differentiate an original document from a fake/fraud document because fraud documents are nearly exactly the same as the original document.

However, in electronic / digital documentation presentation, especially the most important document, bill of lading/transport document electronic version namely Electronic Bills of Lading (eB/Ls) which will be presented via swift bolero integration system will be much safer for banks, importers and all other related parties.

First of all, swift, of which 16 trillion dollars import, 16 trillion dollars export, total of 32 trillion dollars of total international trade volume communications are all effected via swift system. Their first priority is the security of these messages sent and received daily all over the world. They are trying hard to standardize message types. They are a non-profit organisation, working for international trade faciliation, with their technical infra structure and safe and standardized rules.

As a summary, eUCP standard rules application was a beginning to fill a gap in international trade to prevent paper documentation and motivate for electronic documentation however only ICC's effort is not enough. All parties involved must work hard, force to change legislation, systems infrastructure for application of said rules. E-trade has already increased and will increase more and more. It will be much cheaper with electronic presentation.

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FUTURE RESEARCH DIRECTIONS

Reasons of paper-presentation or electronic presentatioin of documents under documentary credits might change according to countries. Future researches investigating in different countries might find out different reasons.

CONCLUSION

With the bloom of e-trade, electronic / digital documentation, e-international trade has increased and helped countries to connect with global integration. Therefore, ICC has published standard rules for electronic presentation. With parallel to this, ICC, namely International Chamber of Commerce, has updated international trade rules which are widely voluntarily accepted rules all over the world. Within this context, eUCP rules as a supplement to UCP, Uniform Customs and Practise rules of documentary credit were revised in 2007 as well. Market has a higher expectation for equivalence digital/electronic documents of paper docments. The aim was to meet the demand of the market for electronic/digital documents presentation of international trade documents under documentary credits.

This chapter aims to clarify the differences of paper-based documentation presentation and electronic presentation of documentary credit documents.

eUCP is restricted only with documentary credit documents presentation and does not cover other electronic documentation and majority of documents are still paper-based presented.

The main reason for this is that original, unique, paper negotiable documents like bill of lading / transport document, draft/bill of exchange etc are required in international trade and it is very difficult to change these in a short time. Therefore, ICC has issued eUCP rules which enables partial electronic and partial paper-based presentations, to be used with UCP which will help parties to get used to with e-presentation during transition period.

To increase electronic presentation which will faciliate international trade and increase international trade the following handicaps must be handled;

- Furthermore digital/electronic documents are not valid all over the world.
- Legislation does not allow electronic equivalant documents of original, unique, negotiable documents, which represent the title, ownership of the goods, which are used as secondary collateral in documentary credit.
- These negotiable original, unique paper documents of commercial documentary credits can not be presented electronically.
- All related parties, legal entities, institutions, banks, local chamber of commerces, transportation companies must motivate local authorities to update local legislation accordingly and motivate importers and exporters to use digital equivalant of these documents and electronic presentation to speed up transactions.

As they start electronic presentation even partially and it will help red tape reduction and speed up transactions and increase international trade volumes. Like payments and issuance of letter of credits, electronic presentation will also inrease immediately after these obstacles are handled. This will help the management of import and export to be much more easier and it will increase international trade

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volume all over the world, via international trade faciliation will help integration to globalization of trader countries.

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KEY TERMS AND DEFINITIONS

Bill of lading: An original, unique, signed, paper negotiable document, showing title/ownership of goods

Commercial Documentary Credit: Documentary credit used usually for goods import and export.

Documentary Credit: (Letter of Credit) Payment Method: International Trade payment method, where importer's bank sends exporter a conditional payment order, when exporter complies with documentary credit and presents documentary credit complaince documents, bank pays exporter independent from importer.

Documents: Documents used in international trade for customs clearance, required by importer. There are approximately more than 3000 documents in international trade.

Electronic Bills of Lading (eB/Ls, Bolero): With Bolero-SWIFT integration, expected to be used more in international trade, but due to lack of system investments, not used as expected.

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Electronic Presentation: Electronic presentation of electronic / digital documents via system or e-mail given in documentary credit.

ICC: (International Chamber of Commerce): A non-governmental organisation, located in Paris, sets international trade rules, worldwide voluntarily accepted.

Paper-Based Presentation: Presentation of documents, which are original, paper, signed, usually negotiable issued to the order to the bank nominated by issuing bank.

Standby Documentary Credit: Documentary credit used for letter of guarantee purposes, like standby documentary credit for performance, for advance payment, for bid etc.