Stay on top with the #1 Institutional bank across Australia, New Zealand & Asia BANK GUARANTEES/STANDBY LETTERS OF CREDIT SEPTEMBER 2021



# **BANK GUARANTEES AND STANDBY LETTERS OF CREDIT (SBLC)**

Bank Guarantees/Standby Letters of Credit (SBLC) are used to secure payment of a stated sum of money to a named party (the beneficiary) in the event of non-performance or default by a party in the relationship.

Payment will be made by ANZ on presentation of a compliant written demand for payment by the beneficiary. Bank Guarantees can be used as a substitute for cash deposits with counterparties, freeing up working capital and potentially securing better contract terms. There is no difference between a Guarantee and an SBLC in regards to their intended purpose however they may be governed by different rules and local laws.

#### **TYPES OF GUARANTEES/SBLC**

There are two distinct types of Guarantees/SBLC:

#### **Performance**

Underpin performance based, non-monetary obligations and payment under the Standby which are triggered in the event of non-performance of a future event. Examples of performance Guarantees include: Bid/Tender Bond, Performance Bond, Advance Payment, Warranty or Maintenance Bond, Workcover Bond (Australia only), customs, and Insurance.

#### **Financial**

Have two types of functions

- 1) Support facilities that are provided or
- 2) Used when protection is required from when a party (applicant) defaults on their financial commitments or obligations under a contract or agreement. Examples of Financial Guarantees include: Collateral Guarantee/SBLC, Financial Guarantee/SBLC, Rental Bond, Intra-Group Guarantee/SBLC and Utilities Bond.



### A DEDICATED GUARANTEES TEAM

- Guarantees/SBLCs are a core part of ANZ's Trade & Supply Chain offering
- We have a dedicated Guarantees Team (with more than 100 years collective experience), closely aligned with our Global network, who can assist with all requirements including reviewing Guarantee formats and issuing cross border
- We are experts in International Chamber of Commerce standards (ISP & URDG) and cross border business where we have operations to help you seamlessly issue into those markets
- We understand that Beneficiaries require specific instrument formats and we can help you navigate these requirements, whilst protecting your obligations
- Deep understanding of Sanctions and Anti Money Laundering best practice and ensuring compliance for all instruments issued
- Guarantees can be facilitated on ANZ Transactive (online portal) giving you access to records of all your instruments and limit exposure

ANZ PROVIDES OVER 20,000 GUARANTEES EACH YEAR

## **ANZ TRANSACTIVE PROVIDES GLOBAL CONNECTIVITY FOR YOUR BUSINESS**

At ANZ we are evolving how you can bank with us. As the future changes, so do we. From emails to a dedicated portal, from paper, to issuance of digital Guarantees.

ANZ Transactive is a global web based platform that enables you to create, issue, receive and track a wide range of Trade finance instruments online, providing visibility and control globally. You can learn more at ANZ Trade Electronic Banking Solutions site.

#### **KEY BENEFITS**









inefficiencies

**Reduction in fraud** exposure

**Enhanced reporting** capability

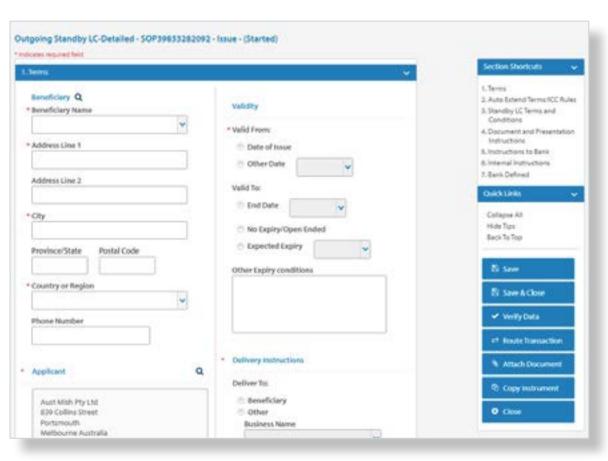
financing

Reduced time to

#### **FEATURES**

ANZ Transactive allows you to issue Guarantees via the digital channel, providing you with clear visibility to all your Guarantee instruments online, track the status of Guarantees issued and/or received, view the audit history, as well as download Guarantee specific reports.

### **New Guarantee**



### **ANZ TRANSACTIVE ACCESS**

For ANZ Transactive access please contact your ANZ representative.

For more information, please refer to <u>ANZ Transactive – Getting Started</u> video, <u>Online resources and help</u> and ANZ Digital Services Help.

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