

FAQ

1. What is Import Invoice Financing Product (IIF)?

Refers to a type of short-term loan provided to the Bank's customer on a with recourse basis, for the purpose of financing purchase of Goods and/or Services (including the shipment of the Goods), in which the Supplier sends all trade documents to the Buyer directly.

2. How does IIF work?

We will provide financing based on submitted IIF loan request using invoice and proof of shipment received from your Supplier as the underlying loan request. After we review the loan request and check the supporting documents, we will process the loan drawdown and credit the fund to supplier's account stated in the underlying trade document.

On the loan maturity date, BOC will debit your account with us for the loan repayment.

3. What are the benefits for us (customers)?

- **Improves Cash Flow.** Importer/buyer can use bank financing to import and sell goods, and the proceeds from the sale of goods are used to repay bank financing/loans, which can reduce the occupying of their own funds to complete the trade and earn profits by requesting IIF loan to Bank of China (Hong Kong) Limited Jakarta Branch (referred as "BOC").
- **Lessen the Cycle of Capital Turn Over.** Importer/buyers can use bank funds for financing, and repay the loan after the export payment is recovered/funds are returned, thereby improving liquidity of funds, seizing market opportunities, and maintaining good goodwill.
- **Improve Bargaining Power.** At the stage of signing the sales contract, the importer/buyer can change the payment terms from usance basis to sight basis, or shorten the payment terms to improve its bargaining power over the exporter.
- **Simpler documents requirement and procedure.** Compared to other financing solutions under documentary trade, IIF requires simpler supporting documents (i.e. invoice and delivery evidence) for drawdown process.

4. What are the required documents that we need to submit for IIF loan request?

Below are the required documents that need to be submitted for each IIF loan request:

- Original IIF Application Form;
- Original / Copy / Photocopy of document evidencing true sales, such as: Invoice / PO / Contract
- Original / Copy / Photocopy of proof of shipment or delivery evidence

5. What does Approved Supplier List mean?

Approved Supplier list contains of your Supplier details (i.e. name and address are the minimum requirements) that eligible for IIF loan transaction. The list will be as per your proposed prime names subjected to our approval. IIF loan can only be processed for your purchase transaction from Supplier that included in the Approved Supplier List.

6. What cost should I pay for each IIF loan?

Below is list of charges that applied for each IIF loan:



Charges Types	Remarks
Interest	Based on agreed pricing in the agreement. Charged in arrears on the IIF loan amount based on IIF loan tenor
Administrative Fee / Handling Charges	Handling fee per transaction

Charges amount will be subject to agreed pricing in the facility agreement.

7. How long is the IIF loan tenor? Is it possible to extend the tenor?

IIF maximum loan tenor will be granted consistent with your cash conversion cycle which calculated based on your normal course of business. Generally, loan tenor for IIF is up to maximum 90 days. However, you can propose longer loan tenor as per your business requirement and it will be subject to our further approval. IIF loan tenor extension is not allowed; hence it is important to match the proposed tenor with your cash conversion cycle period.

8. Once I submit an IIF loan request, when can I expect to receive funds?

Once a transaction is submitted and document requirement complied, you can receive the fund at least in 1 (one) working day.

9. I'm interested with IIF. How do I get started?

A credit facility agreement for IIF facility must be set up before you start using IIF. You may contact your Relationship Manager (RM) for IIF facility set up or you also may reach us via phone at +6221 5205502 or via email at product.sales@bankofchina.co.id for further inquiries.