

Method	Time of payment	Goods available to buyer	Risk to seller	Risk to buyer	Comments
Letter of credit (L/C) ¹⁰	After shipment of goods and handing over of documents (invoice, bill of lading [B/L] ¹¹ , etc.)	After payment	Payment against documents; payment is assured ¹² when documents match ¹³ the terms agreed in the L/C	Shipment is assured; the importer must trust the exporter's reliability ¹⁴	<ul style="list-style-type: none"> • Complex step-by-step¹⁵ transaction in international business directly involving banks in the buyer's and the seller's countries • Protects the interests of both the buyer and the seller
Payment by bank transfer ¹⁶	After receipt of invoice	After receipt of goods	Buyer might not pay (and keep the goods); claiming ¹⁷ the goods back ¹⁷ is not easy	None	Standard form of payment in business transactions
Open account ¹⁸	After receipt of invoice (monthly, quarterly)	Payment at regular intervals ¹⁹ to reduce administration costs ²⁰	Relies on buyer to pay as agreed; involves trust	None	Common for partners with frequent and regular transactions