

Cash Against Document (CAD)

There are many ways for Buyer and Seller **to protect** themselves during business transaction (where **freight** involved) out of one method is CAD. In CAD transaction, A Bank / Financials institution Serve as **Neutral Intermediary** and Retains shipment documents to serve as **Security** until the payment is made by buyer. CAD also called Document Against Payment.

 **Singiri & Co**

Process: (1-8)

1

Buyer and Seller **Agree on the CAD** Term are clearly defined

2

Seller **Ships** the Goods to Location of Buyer

3

Seller **takes Ownership Documents & send to** Seller Bank

4

Seller Bank Send Ownership Documents **to Buyer Bank**

5

Buyer **pay Agreed** amount to Buyer bank and receive Ownership Documents

6

Buyer **Received Goods** from Customs based on ownership documents

7

Buyer Bank **pay Money to Seller bank** after deducting charges

8

Seller **Bank pay** money to Seller after deducting Charges

Parties Involved:

Buyer (Importer)
Seller (Exporter)
Buyer's Bank
Seller's Bank

Documents:

Commercial Invoice
Packing List
Shipping Bill of Lading
Certification of Origin
Insurance Certificate etc.,

CAD- Benefits:

Easy to implement CAD
Compare to LC less Cost in CAD

CAD- Disadvantages:

Lack of Guarantee on Buyer payment or not
Buyer cannot check quality of goods
Chance of Goods reject / Poor Quality
Seller Receive payment after shipment

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CAD Process the seller may find themselves in an unfavorable position if the buyer is unable or unwilling to complete Purchase. It is always better to do Due Diligence about parties that are dealing & both parties understand the process completely by communicate openly, build trust and mutual support.