
Documentary Credit – An Advantageous Form of International Payment

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1. Introduction

As Georgia's economy integrates further into the world economy local business interest in trade and investment relationships with foreign companies is growing. Under these circumstances it is necessary to provide local entrepreneurs with information support both for their business in Georgia and on international markets. The present contribution is a guide to one of the most complex fields of international trade relations, namely credit. Here an analysis is provided of the positive and negative sides of a favourable form of international payment - documentary credit¹ - and how to choose an appropriate form of credit during a settlement.

In exercising international trade-economic relations, the number of treaties in force, the locations of the parties, as well as the place of conclusion and enforcement do not always coincide. Exporters as well as importers may be involved in foreign-economic activity for various reasons. It might be to purchase materials, goods or services abroad that cannot be purchased or their purchase is disadvantageous domestically. Additionally the activity could be aimed at the receipt of income through the sale of goods in foreign markets (exporter), and sometimes the source of income involves mediation between the exporter and the importer.

Such operations are related with practical as well as financial issues. The successful implementation of international-trade relations is conditioned by many factors, the most important of which is the solvency of the parties. An exporter should necessarily receive the purchase price in the full amount and by a definite period. Relations, under which an importer and exporter participate, as well as the extent of their obligations and liability, are directly linked with the choice of certain form of international payment.

The form of payment is a historically established international practice for drawing up, transferring and processing documents on payments and on the management of goods as well as for making payments.² The choice of a particular form of non-cash payment, on the basis of which the payment shall be effected under an international-trade contract, shall be determined by the parties' agreement. The analysis of international practice

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¹ *Tikhomirov* (ed.), *Juridical Encyclopaedia*, Moscow, 1997, 25. See: "Credit" – Lat. *accreditivus* – reliable; Engl. letter of credit, *accreditiv*; Germ. *Akkreditiv*, *Kreditbrief*; Fr. *Accreditif*.

² *Beloglazova/Krolivetskaya* (ed.), *Banking*, Saint-Petersburg/Moscow/Kharkov/Minsk, 2002, 89.

confirms that the form of international payment such as documentary credit is quite frequently applied.

Credit is rather specific and at the same time, taking due account of the current situation in Georgia, is a useful form of payment, as it is applied worldwide both in domestic and foreign economic relations. Georgian business is more or less aware of international settlement and financial transactions but considering the poor practice of local commercial banks in the field of payment by credit, we can see that, except for individual cases, the actually applied type of credit is an irrevocable confirmed credit.

2. Legal Acts Regulating the Payment by Documentary Credit

The present article aims at defining the advantage of payment by documentary credit over other forms of payment on the basis of an analysis of its main features and some issues that surround it.

The success of the application of payment by credit is directly linked to the level of the development of its respective legal framework. International payment relations are regulated both by normative acts of certain states as well as customs and practices in business dealings. Moreover, the universality of banking operations causes the unification of international payment. To this end the International Chamber of Commerce elaborated "The Uniform Customs and Practice for Documentary Credits"³ (hereinafter referred as Uniform Customs and Practice). This entered into force on 1 January 1994. It is a reflection of the progressive achievements made in the payment relations of the banking sector. The latter caused the wide application of this form of payment in export-import operations.

Despite the fact that Uniform Customs and Practice has a recommending nature and represents the unofficial codification of the rules for business, a majority of banks throughout the world carry out payment by documentary credit. It should also be noted that the Uniform Customs and Practice serves as a basis for relevant national legislation in many countries.⁴

The Uniform Customs and Practice provides the definition of the credit and determines its type, rules and means of its application, obligations and the liability of banks. It also lays down the requirements of the documents presented on the basis of credit as well as the rules on their presentation. If a bank applies the Uniform Customs and Practice then the provisions there from are considered binding both for the bank and the clients.

In Georgia the legal framework for payment by credit is Article 876 of the Civil Code. It provides only the definition of the documentary (commercial) credit, but it has been supplemented by "the Rules of Georgia on Non-Cash Payment" approved by Order No. 220 of the President of the National Bank of Georgia of 2 September, 1999.⁵ These rules

³ Publication No. 500 of the International Chamber of Commerce, 1993.

⁴ Articles 867-873 of Civil Code of the Russian Federation.

⁵ Sakartvelos Sakanonmdeblo Matsne, No. 43, 1999, 50.

stipulate the following forms of payment: payment orders, credits, payment-collection orders, cheques and collection order. Another legal act regulating payment relations is the "Interim Instruction on Opening the Settlement, Correspondent, Currency, Budgetary, Current and other Accounts (Temporary, Cash Service) in the Banking Institutions of Georgia" approved by Order No. 222 of the President of the National Bank of Georgia of 2 September 1999.⁶

We should distinguish between forms of payment and settlement documents. The latter can have the same designation as a respective form of payment (e.g. a payment order, credit or cheque), although they have an accounting and informational function.⁷

3. Definition of the Letter of Credit. Legal Construction of Payment by the Credit

According to the Civil Code of Georgia, by opening a credit, the credit institution (issuing bank) undertakes, at the request and instruction of a customer (the purchaser of credit), to pay the money to a third person (the remittent⁸) under the order of this person against a said document, or pay drafts presented by a remittent, accept drafts, or assign another bank with this transaction, if the credit terms are fulfilled. The customer undertakes to pay the agreed commission. Thus, a documentary credit is a bank's fixed obligation to pay to the buyer a definite sum of money within an agreed time frame (or authorise another bank (the nominated bank) to make such payment), in the case of the timely presentation of appropriate documents, certifying the shipment of cargo (the rendering of service) and the exact fulfilment of the terms of the credit.

For making payments by credit it is not the movement of goods as such but more the documents that bear the principal importance. It is according to the documentation that the control over the movement of goods, works or services is carried out.

The payment operation on the basis of documentary credit can be described as follows:

- The form of payment for the supplied goods (rendered service) shall be defined in the contract between the exporter and the importer. If the payment is made on the basis of documentary credit, the parties determine the type of credit, the expiry date and the place of its fulfilment, the authorised banks etc.;
- At the request and instruction of a customer (creditor), the issuing bank shall open the credit. The application on opening the credit shall include information such as the name of a remittent and the amount of the credit; the place and means for its use; goods on paying of which the credit was opened; documentation to be presented to the bank; the expiry

⁶ *ibid.*

⁷ *Sergeev/Tolstoy* (ed.), *Civil Law, Part 2*, Moscow, 1998, 464.

⁸ It should be noted that under the Uniform Customs and Practice, unlike the Civil Code, for the definition of the person to whom the payment should be made is used the term "beneficiary" but not "remittent". Moreover, Article 14 of the Uniform Customs and Practice define the bank, from which the documents are accepted and which makes payment, carries out acceptance and negotiation of bills of exchange, as "remitting bank". It is advisable to distinguish between the terms of "beneficiary" and "remittent" in the Article 876 of the Civil Code of Georgia.

date for shipment and the presentation of documentation;

- The next stage is to notify the exporter by sending an advice that the credit is open. Furthermore the issuing bank sends the credit (advice, notification on the opening of the credit) to the exporter, usually through a service bank (advising bank) of an exporter, which in its turn carries out the notification procedure;
- The advising bank retains a copy of the advice because it is authorised to receive from the exporter documents stipulated by the credit and to carry out an examination of them. The advising bank at the same time may be categorised as a nominated bank, i.e. a bank, that is authorised to pay under the credit;
- Upon receipt of the credit (advice), the exporter examines its compliance with the terms of credit as settled in the concluded contract. If there is no evidence of non-compliance, it starts the fulfilment of obligations (e.g. the shipment of cargo);
- After receiving the transport documents from the carrier, the exporter presents them together with other documents listed in the credit to the nominated bank. The credit also stipulates a specified period of time, after the date of shipment, during which the presentation of documents must be made. If no such period is stipulated, banks will not accept documents presented to them twenty-one days after shipment.⁹ In any event, documents must be presented not later than the expiry date of the credit;¹⁰
- Furthermore, the nominated bank examines the documents no later than seven banking days after receiving them;¹¹
- The issuing bank withdraws the amount from the importer's account or (in accordance with the terms of the credit) and withdraws it from the special account on which the money was deposited in advance. After examination of the documents the issuing bank transfers the money to the nominated bank;
- Finally, the nominated bank transfers the money to the exporter;
- From the moment of receiving the documents from the issuing bank, the importer is deemed to be the owner of the goods.

In this case, the credit is not only a form of payment but also it performs the function of being an instrument for securing the performance of the payment obligation.¹² Here, it should also be noted that the above scheme of payment by credit is of a general nature and may vary according to the particular type of credit issued.

One of the principal advantages of documentary credit is its diversity. It enables the parties, by taking into account existing circumstances, to select the form that best meets their requirements.

⁹ Article 43, para. "a" of Uniform Customs and Practice.

¹⁰ Ibid.

¹¹ Article 13, para. "b" of Uniform Customs and Practice.

¹² *Shengelia* in *Akhvlediani/Chanturia/Jorbenadze/Khetsuriani/Ninidze/Shengelia/Zoidze*, Commentary on the Civil Code of Georgia, Volume 4, Law of Obligations, Special Part, Part II, Article 755-1008, Tbilisi 2001 (in Georgian), 210.

4. Classification of Credit

The classification of credit is possible according to various characteristics. One point is whether a credit can be revoked by an issuing bank or not. For a credit can be revocable and irrevocable.¹³ The credit ought to clearly indicate whether it is revocable or irrevocable. If there is no such clause the credit shall be deemed as irrevocable.

Revocable credit can be amended or cancelled by the issuing bank at any moment without prior notification to the beneficiary.¹⁴

Revocable credit is quite disadvantageous for the beneficiary. As a consequence its scope of its application is rather limited. The current lack of confidence in the Georgian banking system should be taken into account, because it provides a reason for foreign exporters to refuse forms of payment by revocable credit in relations with Georgian partners.

Upon full or partial revocation of the credit or changing its condition, the purchaser of the credit provides the issuing bank with three copies of the order. The first copy of the order remains with the issuing bank while the other two are sent to the nominated bank no later than the next working day from its receipt. The nominated bank gives one copy of the order to the receiver of the money and the second one serves as a basis for the return of money or in the case for a requirement to amend the terms of the credit.¹⁵

Payment by revocable credit is desirable in cases when the shipment of goods is carried out by lots. In such cases, payment may be made for each lot and the credit covers every shipment stipulated by the contract. If the importer is not satisfied with the goods, for example a good he received in the first lot, he is entitled to revoke the credit.

However, the Uniform Customs and Practice provides for certain guarantees for the protection of the nominated bank's interests in cases of payment by revocable credit. That is to say, if the Nominated Bank makes a payment against the presented documents prior to the receipt by it of a notice on the revocation of the credit, the issuing bank must reimburse the costs related thereunto.¹⁶

As for irrevocable credit, it should not be subject either to amendment or cancellation without the prior consent of the beneficiary. Indeed civil law literature notes that the irrevocable character of the credit protects the beneficiary against arbitrariness and fraud from the side of purchaser of the credit or from the issuing bank. This per se ensures the stability in the fulfilment of duties assumed by the parties.¹⁷ For that reason irrevocable credit provides maximum protection of the exporter's interests because the issuing bank guarantees the payment even in cases when

¹³ Articles 6-10 of Uniform Customs and Practice.

¹⁴ Article 8, para. "a" of Uniform Customs and Practice.

¹⁵ *Eriashvili* (ed.), *Banking Law*, Moscow, 2002, 306.

¹⁶ Article 8, para. "b" of Uniform Customs and Practice.

¹⁷ *Babikova*, *Types of Documentary Credits according to "the Uniform Customs and Practices for Documentary Credits"*, *Economy and Law*, 1999, No. 1, 30.

an importer changes his mind. Thus, in observing of all the terms and conditions of the credit, the exporter relies upon the honesty of the issuing bank and not of the importer.

However, the exporter may stipulate an additional guarantee in the form of a confirmation of the credit by the bank of his country. Such a bank is called a confirming bank and the credit becomes the confirmed irrevocable credit. In the case of payment by such credit, the exporter is actually sure that the payment will be carried out, if he himself observes the requirements of the credit. However, the confirmation of the credit causes an increase in the amount of commission fees payable to the bank. From the moment when the confirming bank notifies the issuing bank and the beneficiary about the confirmation, it becomes jointly liable for the payment of the credit together with the issuing bank. All amendments to the confirmed credit should be made only with the consent of the confirming bank.

With regard to large transactions, the exporter, as a rule, requires the credit to be confirmed by a so-called first-class bank. This is a bank that has a good financial reputation and is well known among business circles.¹⁸

Credits can be classified by the methods of their payment. A credit can be made available by what is termed a sight payment. This type of the credit is quite useful for single transactions between parties, who do not foresee long-term co-operation.

The letter of credit can also be available by what is termed a deferred payment. This type of credit is more beneficial for the purchaser of the credit and less favourable for beneficiary. A credit can also be made available through the acceptance of drafts drawn up by the beneficiary. In such cases the nominated bank (acceptant) agrees to pay drafts upon maturity.

Finally, the nominated bank can carry out negotiations of drafts drawn up by the beneficiary. In other words, the negotiation is the registration of drafts drawn by the beneficiary (exporter).

The registration of drafts is a specific bank operation when a bank buys the drafts. As a result of this, it acquires the right to require payment on the basis of the drafts. Since the owner of the drafts, that submitted it to the bank for registration, immediately receives payment on the basis of the drafts before their maturity, this in fact means the receipt of a loan from the bank.¹⁹ In legal literature the registration of drafts is sometimes referred to as the "discounting" of drafts. This is caused by the fact that the bank buys the drafts at a lower price, in order to receive the payment at the time of the maturity of the drafts and receives the income in the form of the difference between the value of the drafts and its purchase price.²⁰ It is significant here that the acceptance and negotiation of drafts secures fast payment for the exporter and the deferment of payment for the

¹⁸ *Belov*, International Entrepreneurial Law, Moscow, 2001, 81.

¹⁹ *Kolesnikov/Krolivetskaya* (ed.), Banking, Moscow, 1995, 259.

²⁰ *Sergeev/Tolstoy* (ed.), Civil Law, Part 2, Moscow, 1998, 469.

importer.²¹ The availability of credit by acceptance or negotiation of drafts is equally favourable both for customers and the banks. A business that carries out payment by draft, under stable economic conditions, carries out the payment on various transactions so that cash is not circulating. Moreover, by properly conducting registration operations the portfolio of drafts is a bank's reliable asset, which is more stable than other securities; for example, shares. Another advantage of the draft is that it has liquidity exactly as defined by its maturity.²²

Documentary credit is applied in international trade relations not only because it is a safe method of payment, but also because it can provide exporters and importers with short-term financing. The credit allows the exporter to grant the foreign buyer (importer) a loan for a defined period of time and receive payment in compliance with the conditions of credit after the presentation of documents.²³

One of the types of documentary credit is transferable credit²⁴. Transferable is a credit under which a beneficiary (the first beneficiary) is authorised to request the nominated bank to make the credit available to another beneficiary (the so-called second beneficiary). The advantage of such credit is that it enables the exporter to pay to its supplier (subcontractor) directly from the amount that it should receive under the credit, without any additional expenses. In other words, the first beneficiary by granting the right on the receipt of payment under the credit to the second beneficiary, makes payment to its creditor through the receipt of the payment from its debtor (the purchaser of payment by credit).

The contract between the exporter and importer should stipulate the condition concerning the transferability of the credit. If in the credit terms such as "divisible", "fractionable", "assignable" and "transmissible" are indicated, they prevent the credit from being transferable.²⁵

According to paragraph "g" of Article 48 of the Uniform Customs and Practice, unless otherwise stated in the credit, it can be transferred only once. Accordingly, the second beneficiary cannot assign to any subsequent third beneficiary the right to receive payment under the credit. However the back transfer of the credit to the first beneficiary is allowed.

An analysis of banking in western countries shows that, as a rule, to open credit lines banks do not require customers to deposit monetary funds equal to the amount of credit. In France as well as in the United States of America, legislation stipulates that the credit is a crediting of the purchaser of credit by the issuing bank. This is secured by the documents

²¹ *Eriashvili* (ed.), *Banking Law*, Moscow, 2002, 112.

²² *Babikova* (fn. 17), 34.

²³ *Golzberg/Voronova* (ed.), *International Trade*, Kiev/Moscow, 1994, 260.

²⁴ Articles 48 and 49 of Uniform Customs and Practice.

²⁵ *Ibidem* Article 48, para. "b".

presented by the beneficiary.²⁶ Thus, the banks can open the credit without depositing relevant funds for the customer. This in a timely fashion fulfils the obligations before the bank. In case of a temporary unavailability of funds on the customer's account, the bank provides a guarantee to make payment under the credit from its own funds.²⁷

Whether the credit is secured by monetary funds, it can be paid or unpaid. The credit at the opening of which the issuing bank is obliged to transfer the amount of credit (it can be paid either at the cost of the purchaser of the credit or from the loan granted thereunto) to the nominated bank, is called paid credit. Provided the credit is not paid, it is deemed unpaid i.e. it is a guaranteed credit. In reality, unpaid credit is a deferred payment - the amount is transferred to the nominated bank but not immediately. Rather it transferred at the expiry date of the credit. The nominated bank, by making the payment under the unpaid credit, grants the loan to the issuing bank, which often is a mutually advantageous operation. It is natural, that the point of such lending is directly linked with the organisation of loan expenses and respectively with confidence among the banks. The bank making the payment under the unpaid credit is granted with the right to withdraw the full amount of credit from the issuing bank's account opened with it, (if correspondent relations exist between them) at the expiry date of credit.

Credits can be classified as renewable and non-renewable credits. In these cases the credit is renewable if it provides that the amount of credit can be renewed without renewing the credit itself. Such credit can be both revocable and irrevocable and be renewed: upon the expiry of a certain period, or upon changing the total value of the credit.²⁸ Such credits sometimes are called revolving and non-revolving credits. Thus, a credit can be revolving within a definite period of time when a certain amount of money is fixed and within this limit, payments are carried out. In such cases, the future application of the unused portion of the credit should be agreed, or set within a certain amount. In this case renewal means that the limit of credit will be restored if it was used within the period defined by the contract.

There should be separately noted the type of credit such as a "red clause" credit. This type of credit can be revocable, irrevocable or confirmed. The clause stipulates the advance payment by the nominated bank of a certain amount to the exporter before the presentation of the appropriate documents. The clause in the credit may be included with the importer's request. Such a document is the order on the basis of which the exporter receives the advance from the nominated bank before the shipment of cargo. Thus, a red clause credit is the source of financing before shipment. By opening such a type of credit, the issuing bank assumes the obligation to reimburse the nominated bank the amount paid in advance, even if the shipment has not taken place. The specific

²⁶ *Folsom/Gordon/Spanoyle*, International Business Transactions, West Publishing Co., 1996, Fifth Edition, 146; *Gavalda/Stuffle*, Banking Law, Moscow, 1996, 386.

²⁷ *Lavrushina* (ed.), Banking, (Ed. of Georgian translation Kakulia), Tbilisi, 1996, 81.

²⁸ *Golzberg/Voronova* (ed.), International Trade, Kiev/Moscow, 1994, 255.

title of this type of credit derives from the fact that the relevant clause on such credits historically were written in red ink.²⁹

Legal literature also defines a so-called “clean credit”. This applies to banks in the United States and Japan.³⁰ Upon opening such a credit, the bank undertakes to make the credit available without a requirement to present documents, provided that all the terms of the credit are fulfilled. However, the application of such a type of credit is relatively uncommon. The payments by documentary credits are widely applied in the world.

5. Disputable Issues Concerning the Application of Credit

As we can see from the above description and analysis, credit is a quite a complicated form of payment. In practice, the number of issues that may arise and require interpretation and an appropriate solution appear legion. For example, while making international-trade contracts, the parties determine the form of payment; indicate the type of credit (e.g. irrevocable credit), the names of the issuing and nominated banks, the amount of credit, its expiry date and other terms that are necessary for the application of this form of payment. If the importer opens another type of credit (e.g. revocable) in another bank or under other conditions and requires the exporter to ship the cargo, it should be defined whether the exporter is obliged to fulfil the obligations imposed upon it.

This construction is of a reciprocal nature and thus a person who is a party to the bilateral contract may refuse to fulfil the obligation, until the other party carries out the counter-performance, unless he was obliged to fulfil his obligation in advance. Thus, changing the type and amount of credit and the bank explicitly constitutes a grave infringement of the obligation before the counterpart. Moreover, as the supply of goods is a counter contractual obligation, the exporter is authorised to refuse the fulfilment of his obligation (the supply of goods) until the counter-performance is carried out by the importer (the opening of the credit in compliance with the contract-stipulated terms).³¹

In practice there are cases when the nominated bank, that is to make the payment under the credit, examines the documents presented by the exporter, determines that they meet the requirements of the credit and makes payment. Furthermore, after the importer receives the supplied goods it turns out that they do not comply with the terms agreed with the seller (e.g. the list of supplied goods). In such cases, a buyer is entitled to demand the return of the paid amount from the seller. However, it should be determined whether he has the right to deem the payment made by the bank as payment with the contravention of the credit.

²⁹ Ibid 257.

³⁰ *Vasiliev*, Civil and Commercial Law of Capitalistic Countries, Moscow, 1993, 426.

³¹ See in detail: Survey on the Practice of Consideration of Disputes on the Application of the Forms of Payments by Credits and Collection, Informational Letter of 15 January 1999, No. 39, Vestnik of Supreme Arbitration Court, Russian Federation, 1999, No. 4á 47.

If the supplied goods do not comply with the terms of the contract concluded between the exporter and the importer, it is natural that the latter is authorised to demand the return of the paid amount from the seller, although he is not entitled to consider the payment made by the bank as groundless. This is conditioned by the fact that the bank's obligation is only to visually examine the documents presented by the exporter. If it decides that they fully comply with the terms of the credit, then the payment made by it, is deemed as payment made in exact compliance with the credit.³²

There are cases when the nominated bank refuses to allow the beneficiary to make the payment. For instance, if a confirmed irrevocable credit is opened and the nominated bank refuses the beneficiary on the grounds of a revocation of credit by the issuing bank (which is prohibited for such a type of credit), such a refusal is groundless, because when the exporter presents the credit-stipulated documents, the nominated bank's obligation is to pay a certain amount, whereas in the case of a delay of payment, it shall be imposed to pay the amount of credit, as well as the interest for overdue payment.

In case of a groundless refusal on paying by the nominated bank, from a practical standpoint, it is interesting to determine whether the expiration of the credit constitutes grounds for its release from the obligation to pay. There are situations when the nominated bank refuses the beneficiary to pay the amount, without stating a reason even though the documentation was presented by the beneficiary to the bank before the expiry of the credit. Only after this the validity of credit expires. As is known, the expiry of credit provides grounds for terminating the payment obligation under it. However, if the exporter had presented the documents envisaged by the credit to the bank before the expiry of the credit, than the expiry is not a reason for releasing the nominated bank from its obligation to pay.

7. Conclusion

It could be concluded that documentary credit is a reliable and convenient instrument of international settlement. However, we have to agree with those views expressed in legal literature that this type of payment is complicated and expensive.³³ The application of credit in export-import operations is complicated both in legal as well as economic terms. If several banks participate in a settlement by credit, ultimately the purchaser of the credit will have to reimburse the costs of all the authorised banks. Usually, the cost for each operation, such as the opening of credit, sending a letter of advice, confirmation, the examination of documents envisaged by the credit to name but some of the procedures is determined in the form of a fixed interest on the amount of credit for any operation.

It is also noteworthy that the advantage of credit is directly linked with the relevant experience of the participating banks in this field and with the existence of a wide network of correspondent banks. Under these circumstances operations are less complicated.

³² Ibid.

³³ Krasavina (ed.), *International Monetary and Financial Relations*, Moscow, 1994, 240.

The following circumstances argue for the reliability of documentary credit as a form of international payment:

- Credit is a flexible institution and takes into account the interests of all parties to the transaction. An example is transferable credit that enables the purchaser of the credit to receive the loan upon opening the credit. This facilitates swift payment without withdrawing monetary funds from circulation;
- In addition, the beneficiary's (exporter) right to determine the bank-payer (which, as a rule, is a bank in the beneficiary's country) reduces the risk of non-payment for the supplied goods (rendered service) because the beneficiary is sufficiently informed about this bank and trusts it;
- On the basis of credit, an exporter is allowed to receive swift payment and before the shipment of goods to the point of destination;
- In turn, credit ensures the receipt of goods by the importer provided that the bank does not control the movement of goods but strictly monitors the compliance of the documents presented by the exporter with the terms of the credit, which verifies the shipment of goods.

Finally, it ought to be mentioned that in Georgia with respect to international payment relations, documentary credit is not often applied even though this operation is favourable for all parties, in the relation that can mutually determine the type of credit on the basis of which the payment shall be made. Furthermore, with a view to the creation of a civilised market it can be presumed that the application of the payment by credit will ever more increase in the future.