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THE CONCEPT AND FEATURES OF THE BASIC FORMS OF CALCULATIONS USED IN INTERNATIONAL TRADE

Abstract. *The article defines that international settlements are regulated not only by national regulations and legislation, but also by international laws, banking rules and customs. It is established that international settlements are the object of unification and universalization of banking operations. It is proved that international payments are made in different currencies. Therefore, on the one hand, their efficiency is influenced by the dynamics of exchange rates, and on the other hand, the normal functioning of commodity-money relations is possible only in the conditions of free exchange of national currency for currencies of other countries. It is determined that the peculiarity of international settlements is that the state uses certain currency restrictions, which are a legislative or administrative prohibition, limitation and regulation of transactions of residents and non-residents with currency and other currency values. It is established that international settlements are of a documentary nature, ie payments are made only against the presentation of properly executed commercial or financial documents.*

Keywords: *international trade; forms of payment; payment methods; means of payment; advance payment; letter of credit; collection; open account.*

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ПОНЯТТЯ ТА ОСОБЛИВОСТІ ОСНОВНИХ ФОРМ РОЗРАХУНКІВ, ЩО ВИКОРИСТОВУЮТЬСЯ У МІЖНАРОДНІЙ ТОРГІВЛІ

Анотація. *У статті визначено, що міжнародні розрахунки регулюються не тільки національними нормативними і законодавчими актами, але й міжнародними законами, банківськими правилами і звичаями. Встановлено, що міжнародні розрахунки – це об'єкт уніфікації і універсалізації банківських операцій. Доведено, що міжнародні розрахунки здійснюються в різних валютах, і тому, з одного боку, на їх ефективність впливає динаміка валютних курсів, а з другого боку, нормальне функціонування товарно-грошових відносин можливе тільки в умовах вільного обміну національної валюти на валюти інших країн. Визначено, що особливістю міжнародних розрахунків являється те, що держава використовує певні валютні обмеження, які являють собою законодавчу чи адміністративну заборону, лімітування і регламентацію операцій резидентів і нерезидентів з валютою й іншими валютними цінностями. Встановлено, що міжнародні розрахунки носять документарний характер, тобто платежі здійснюються тільки проти пред'явлення належним чином оформлених комерційних або фінансових документів.*

Ключові слова: *міжнародна торгівля; форми платежу; способи платежу; засоби платежу; авансовий платіж; акредитив; інкасо; відкритий рахунок.*

Introduction. Studies of the monetary and financial conditions of foreign trade contracts have shown that the right choice of form of payment is important when conducting trade transactions, as it allows counterparties to reduce costs and risks of default by the opposite party of its obligations under the contract. International settlements are a system of organization and regulation of payments for monetary claims and obligations arising in the implementation of foreign economic activity between states, firms, enterprises and citizens in different countries. International settlements include foreign trade in goods and services, as well as non-profit transactions, loans and capital movements between states. The system of international

settlements can be considered as relatively independent, with its own features: First, international settlements are governed not only by national regulations and legislation, but also by international laws, banking rules and customs (Unified Promissory Note Act adopted by the Geneva Promissory Note and Check Conventions in 1930 and 1931, unified rules). International settlements are the object of unification and universalization of banking operations. Second, international payments are made in different currencies.

Therefore, on the one hand, their efficiency is affected by the dynamics of exchange rates, and on the other hand, the normal functioning of commodity-money relations is possible only in conditions of free exchange of national currency for currencies of other countries. Third, the peculiarity of international settlements is that the state uses certain currency restrictions, which are a legislative or administrative prohibition, limitation and regulation of transactions of residents and non-residents with currency and other currency values. Fourth, international settlements are of a documentary nature, ie payments are made only against the presentation of properly executed commercial or financial documents [1–5; 11].

The basic concepts and features of the main forms of calculations used in international trade have been the subject of work of many economists: T.H. Bondarieva, O.B. Nemkovych, M. Vinichuk, V.V. Hoshovska, N.V. Boiko, S.A. Nakonechna, R.R. Dutchak, V.F. Dutchak, O.O. Yena, O.V. Zaiachkivska, B.M. Khibeba, K.V. Kovtunenka, Yu.S. Libenko, O.V. Lebid, A.S. Chornobai, T.P. Luchnykova, A.O. Bezbozhna, O.V. Marchenko, T.V. Belikova, A.S. Skorniakov, L.L. Nosach, K.Yu. Velychko, O.I. Pechenka, Zh.S. Zosymova, N.A. Sokol, K.I. Novikova, L.F. Novikova, O.V. Piankova, L. Snihurska and others.

The aim of the research. The aim of the research is to study the reflection of the theoretical, methodological and organizational foundations of the development of international credit and settlement and foreign exchange transactions in modern conditions, the definition of the concept and features of the main forms of settlements used in international trade.

Results of the investigation. The current stage of development of the world economy is characterized by the deepening and strengthening of relations between national economies, which involves the implementation of international settlements. After all, none of the countries of the world can independently master all the latest achievements of STP and meet the requirements of world socio-economic progress.

The state of international settlements is influenced by: political and economic relations between countries; the country's position in commodity and money markets; the degree of use and effectiveness of state measures for foreign economic regulation; currency legislation; international trade rules and customs; regulation of interstate trade flows, services and capital; differences in inflation rates in individual countries; balance of payments; banking practice; terms of foreign trade contracts and credit agreements; currency convertibility [11; 14–16].

Studies of the monetary and financial conditions of foreign trade contracts have shown that when conducting trade operations it is important to choose the right form of payment, as it allows counterparties to reduce costs and risks of default by the opposite party of its obligations under the contract. International settlements are a system of organization and regulation of payments for monetary claims and obligations that arise in the implementation of foreign economic activity between states, firms, enterprises and citizens in different countries. International settlements cover foreign trade in goods and services, as well as non-profit transactions, loans and capital movements between states.

The system of international settlements can be considered as relatively independent, which has its own characteristics: First, international settlements are governed not only by national regulations and legislation, but also by international laws, banking rules and customs (Unified Bill of Exchange Act adopted by the Geneva Bill of Exchange and Check Convention in 1930 and 1931, Unified Rules and Customs for Documentary Credits).

International settlements are the object of unification and universalization of banking operations. Second, international payments are made in different currencies. Therefore, on the one hand, their efficiency is influenced by the dynamics of exchange rates, and on the other hand, the normal functioning of commodity-money relations is possible only in the conditions of free exchange of national currency for currencies of other countries. Third, the peculiarity of international settlements is that the state uses certain currency restrictions, which are a legislative or administrative prohibition, limitation and regulation of transactions of residents and non-residents with currency and other currency values. Fourth, international settlements are documentary in nature, ie payments are made only against the presentation of properly executed commercial or financial documents [11–13].

Financial documents include: promissory notes (simple and transferable); checks; payment receipts. Commercial documents include: invoice; shipping documents confirming the shipment or dispatch of goods (bills of lading, receipts, etc.); insurance documents (policies) and other documents (certificates, invoices, etc.).

The main subjects of international settlements are exporters, importers and banks that serve them. They enter into certain relations with each other regarding the movement of accompanying documents and the current execution of payments.

Forms (payment) of settlements are the ways of fulfillment through the bank of monetary obligations of enterprises regulated by the legislation of the countries-participants of settlements. At the same time, the procedure for implementing forms of international settlements is also regulated by international documents developed by specially created organizations - the International Chamber of Commerce, the UN Commission on International Trade Law, etc. [4–7; 11].

The state of payment settlements is comprehensively influenced by numerous factors:

- economic and political relations between countries;
- the country's position in commodity and money markets;
- the degree of use and effectiveness of state measures for foreign economic regulation;
- international trade rules and customs;
- regulation of interstate trade flows, services and capital;
- differences in inflation rates in different countries;
- balance of payments status; - banking practice;
- terms of foreign trade contracts and credit agreements;
- currency convertibility, etc. [11].

Forms of international settlements are conditionally divided into: documentary (letters of credit, collection); non-documentary (open account payment, advance payments, bank transfer, promissory notes and checks). Non-documentary forms of settlements predominate in settlements between countries with developed market economies. Documentaries are common in settlements with third world countries, as well as with some Eastern European countries. This is due to the fact that documentary forms make it possible to significantly reduce the risk of non-payment or non-delivery of goods.

Documentary forms of payment are widely used in Ukrainian foreign trade practice. In particular, documentary letters of credit for import transactions are used in settlements with partners from Western Europe, North America, Japan, ie with developed countries, which take into account the increased risk of the country - Ukraine - and the low solvency of Ukrainian importers.

In export operations, Ukrainian companies and banks use letters of credit in settlements with third world countries, the solvency of which is low. At the same time, many Ukrainian enterprises successfully use non-documentary forms of payment [4–6; 11].

When conducting foreign trade transactions, it is very important to choose the right form of payment, as it allows the parties to reduce the costs and risks associated with the default of the other party to its obligations under the agreement [14; 15].

The choice of forms of payment is influenced by: type of goods; delivery time; availability of a loan agreement; availability of a bank guarantee; the nature of the compromise between the counterparties; solvency and business reputation of contractors; opportunities of banks, etc. Forms of international settlements differ in the size of participation of commercial banks in their carrying out: the minimum participation of banks - at the bank transfer (execution of the payment order of the client).

Accordingly, the minimum payment for the exporter is achieved; average participation - at collection (control over the provision, transfer of commodity documents and their issuance to the payer in accordance with the instructions of the principal); maximum participation - at the letter of credit (granting to the beneficiary of the payment obligation which is realized at performance of the last conditions of the letter of credit). The maximum payment for the exporter is achieved, as the letter of credit is essentially a monetary guarantee of payment for the shipped goods by the bank that opened the letter of credit [2-5; 11].

The mechanism of international settlements includes: forms of payment; methods of payment; means of payment. The main forms of payment used in international trade include: Advance payment; Letter of credit; Collection; Open account.

Technically, payments can be made by bank telegraph and postal transfers, using bills and checks. In international settlement practice, advance payments are the most advantageous form for the exporter. An advance payment is a non-documentary form of payment. In the literature it is most often attributed to the method of payment, which depends on the mechanism of payment for the goods in relation to the time of its actual delivery.

An advance payment is a sum of money or property value that is transferred by the buyer-importer to the seller-exporter before the shipment of goods for the fulfillment of obligations under the contract [6-9; 11].

The advance can be provided in cash and in kind. Advance in commodity form involves the transfer by the importer to the exporter of raw materials or components needed to manufacture the ordered equipment. An advance in cash involves the payment by the buyer of the amounts agreed in the contract in the form of payments under the terms of the contract before the shipment of goods (services), and sometimes even before the start of the contract. If the importer does not fulfill the terms of the contract, the exporter reimburses his losses from the amount of the advance.

The advance payment performs two functions: lending by the importer to the exporter; securing the obligations assumed by the importer under the contract. In the world practice of settlements, advance payments are used in the following cases: when the seller is not sure of the buyer's solvency; when the economic and (or) political situation in the buyer's country is unstable; when supplying expensive equipment (ships, aircraft), which is made to order; for the supply of rare scarce goods, as well as strategic goods (nuclear fuel, weapons); with a fairly long term of the contract [11].

The advance can be provided both at full cost and in the form of a certain percentage of it. Its value depends on the purpose of the advance, the nature of the product, its novelty, cost and time of manufacture. In world practice, advance payments are usually 10-30% of the contract amount. The advance is repaid by offset upon delivery of the goods. This condition must be fixed in the contract. The importer can make advance payments by issuing checks (goods are shipped after payment of the check), by spending (bill of exchange), postal, telegraphic transfer or by international money transfer [7; 11; 16].

Advance payments as a form of international settlements are more favorable to the exporter and less - to the importer, because there is a risk of non-delivery or late delivery of goods by the exporter, delivery of goods of inappropriate quality. Advance means crediting the exporter for the period before receiving the goods. The letter of credit form of payment is governed by the Unified Rules and Customs for Documentary Letters of Credit adopted by the International Chamber of Commerce in 1993.

A letter of credit is a monetary obligation of a bank issued on behalf of the buyer in favor of the seller, under which the bank that opened the account (issuing bank) may make payments to the seller or authorize another bank to make such payments if the documents provided in the letter of credit, and when fulfilling other conditions of the letter of credit [11; 13; 16].

Letters of credit are divided into cash and documentary. A letter of credit is a registered document addressed by the issuing bank to another bank and contains an order to pay money to the client within a certain period. Documentary letter of credit is used for calculations. The main document is a letter of credit issued by the importer and contains: the amount, the term of the letter of credit, the type of letter of credit, the bank's instructions on the terms of payment of the letter of credit.

Forms of letters of credit:

- revocable – which can be changed or canceled by the issuing bank without notifying the beneficiary;
- irrevocable – which cannot be changed or canceled by the issuing bank without notifying the beneficiary;
- covered – upon opening, which the issuing bank previously provides to the executing bank currency funds (coverage) owned by the importer, in the amount of the letter of credit, for the term of the issuing bank's obligations, subject to the possibility of use for letters of credit;
- uncovered – which is confirmed by banks without previously reserved funds of clients on their accounts to pay for goods (services) under the letter of credit;
- divisible – opens for a single amount, but payment is made in installments;
- indivisible – the letter of credit is opened for a single amount and charged a single amount;
- transferable (transferable) – give the exporter the right to cede the possibility of using the letter of credit to a third party (within the term of the letter of credit and the amount of the letter of credit).

Used if the exporter acts as an intermediary or the supply of goods is carried out by many suppliers; revolving – used within the established renewed particles. Used for uniform periodic deliveries; reserve – the bank's obligation to make a payment in favor of the client in case of non-performance of contractual obligations [11; 13; 16].

The main advantages and disadvantages of documentary letters of credit (irrevocable, as the most common form) are given in Table 1. The use of the collection form of settlements is governed by the "Unified Rules on Collection" adopted by the International Chamber of Commerce in 1978 (now the 1996 version, publication № 522).

Collection is an order of the exporter to his bank to receive from the importer (payer, debtor) a certain amount of money or confirmation (acceptance) that this amount will be paid within a specified period [11]. The main document is a collection order issued by the exporter. Depending on the provided documents, which are used for calculations, there are net and documentary collection. Net collection is a collection of financial documents that are not accompanied by commercial documents (bills of exchange and promissory notes, checks, etc.) [11]. Net collection is based on checks, promissory notes, payment receipts and other types of documents used to receive payment. Documentary collection is a collection of financial

documents accompanied by commercial documents (invoices, insurance documents, etc.), as well as a collection of only commercial documents [10; 11].

Table 1

Advantages and disadvantages of the letter of credit form of payment [11; 13]

Benefits	Disadvantages
<i>To exporter</i>	
Minimal risk of non-payment of the exporter's goods. The Bank may not refuse to pay in accordance with the relevant documents, if it has undertaken without a revocable obligation to do so. Payment by the bank is faster and more convenient than collection from the exporter A promissory note accepted by a bank may be discounted if there is a market for these financial instruments in the country. This ensures success in funding. Flexibility regarding payment terms. International legal reality. Use in almost all countries.	Decreased competitiveness. The seller may limit himself or his market and may have difficulty finding buyers because the importer incurs high costs and has a significant amount of paperwork.
<i>To importer</i>	
Use in almost all countries. Flexibility regarding payment terms. Security. Payment is made only upon presentation of the relevant documents for accreditation, confirming the shipment of goods. Due to the financial terms, timely execution of the shipment and the validity of the letter of credit is guaranteed	The importer incurs high costs under the letter of credit and has a significant amount of work with documents, which takes a long time to process. The buyer makes the payment without being able to pre-check the quality of the goods.

Since the seller cannot be sure that the buyer will actually make the payment at the time of shipment of the goods, the documentary collection is suitable for the following cases: the seller fully trusts the buyer and is sure that the latter will pay for the shipped goods and services: political, economic and legal conditions in the buyer's country are considered stable; the recipient country has no import restrictions (eg currency controls), or it has granted all necessary permits [9–11].

The collection order may contain the following types of instructions for documents:

- Issue documents to the payer against acceptance (draft). The bank that submits the documents shall serve the payer against the acceptance of the draft, which is payable within 30-180 days after presentation, or the draft, which is payable within the period stipulated by the parties. Used in payments for commercial credit;

- Issue documents to the payer against payment. The bank that submits the documents may deliver them to the payer only against immediate payment. If the seller (principal) does not want to wait long to receive his funds, he must demand in the collection order "payment for the first submission of documents";

- Issue documents without payment. Documents can be issued free of charge under the written commitment of the payer to make payment within a specified period. The buyer and the buyer's bank [8–11] sign this written commitment.

The main advantages and disadvantages of documentary collection are given in Table 2. An open invoice is a form of payment in which the exporter sends a document on the right to property at each shipment of goods directly to the buyer with a demand for payment by a certain

date. This term of the transaction is the period for which one entrepreneur actually gives a commercial loan to another. If the issued loan is satisfied, the goods are unloaded, a regular account statement is sent, and payment is made by check, promissory note.

Table 2

Advantages and disadvantages of the collection form of settlements [11]

Benefits	Disadvantages
<i>To exporter</i>	
<p>Reducing the risk of long-term transfer of goods. The Bank protects the exporter's right to the goods until payment or acceptance of documents. The importer can dispose of the goods only after the collection of documents. Receipt of payment is guaranteed as soon as the importer accepts the documents.</p> <p>Increasing competitiveness. Collection is a less time-consuming and burdensome means of reaching an agreement than a letter of credit. The exporter has the opportunity to sell the product at a lower price, increasing its competitiveness.</p> <p>Convenience. The bank can offer an effective means of document processing, settlement and communication.</p> <p>The exporter has the opportunity to receive funds from the bank for acceptance or under the government program to support the exporter</p>	<p>The duration of the passage of documents through banks and, accordingly, the period of their payment (acceptance), which can take from several weeks to a month or more.</p> <p>The costs of collection shall be borne by the exporter. Additional costs caused by non-payment or refusal of acceptance by the importer. The importer has the right to refuse to pay for the submitted documents or not to have a permit to transfer currency abroad. In these cases, the bank is not responsible. The exporter will bear the costs of storing the goods, insuring them, selling them to a third party or transporting them back to their country.</p> <p>The exporter is obliged to produce and transport the goods in advance.</p>
<i>To importer</i>	
<p>The importer pays for the goods actually shipped, as payment is made only against the accompanying documents. That is, the form of collection is favorable for the importer to choose the time for payment.</p> <p>Cost reduction. The costs of collection in the form of a bank commission are insignificant. In some cases, according to intergovernmental or interbank agreements on mutual trade and settlements, the commission may not be charged at all. In addition, the importer can benefit from a low purchase price.</p>	<p>The importer makes a payment or acceptance without being able to check the quality of the goods beforehand.</p> <p>Damage to reputation in case of non-payment or refusal of acceptance. The exporter can issue special instructions for ordering a "protest" on his behalf, which allows you to further file a formal complaint.</p>

When settling on an open account, counterparties keep mutual records of the amounts of current debt. The exporter ships the goods to the importer, sends to his address the shipping documents and enters the amount of debt in the debit account opened in the name of the importer. The importer makes the same entry in the credit of the exporter's account. After payment for the goods, the exporter and importer make a compensatory transfer. Features of open account settlements:

– provides for the conduct by contractors of a large amount of work on sales accounting;

– inventory documents are received by the importer, bypassing the bank, in connection with which all control over the timeliness of payments falls on the shoulders of the parties to the agreement;

– the movement of goods outstrips the movement of foreign currency;

– this form of calculation is the cheapest and relatively easy to perform [5–9; 11].

The procedure for repayment of debt on an open account depends on the agreement of the parties to the agreement. Payment on an open account is more advantageous to the importer, as there is no risk of payment for undelivered goods, and interest on the loan is not deducted. For the exporter, this payment is the most risky form of payment, as it has no guarantee that the buyer will settle its debt within the agreed time. Settlements with the help of an open account should be used if: there is a reliable, stable and long-term business relationship between the buyer and the seller; trade between countries is relatively free from state restrictions and international regulation [11].

Conclusions. Thus, it can be argued that international settlements are a system of organization and regulation of payments for monetary claims and obligations that arise in the conduct of foreign economic activity between states, firms, enterprises and citizens in different countries. International settlements cover foreign trade in goods and services, as well as non-profit transactions, loans and capital movements between states. The system of international settlements has the following features: international settlements are regulated not only by national regulations and legislation, but also by international laws, banking rules and customs; international payments are made in different currencies; the state uses certain currency restrictions, which are a legislative or administrative prohibition, limitation and regulation of transactions of residents and non-residents with currency and other currency values; international settlements are of a documentary nature, ie payments are made only against the presentation of properly executed commercial or financial documents. It is also determined that the mechanism of international settlements includes: forms of payment; payment methods; means of payment, among which the main place belongs to the forms of payment, namely: advance payment, letter of credit, collection, open account.

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