

# Demand Guarantees: some issues

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# 1. Some issues in daily practices of BG

In fact most tensions & problems seems not related to URDG but more to:

- Lack of sufficient and well trained staff while know how on BG in the retail branches and with our customers declines
- Risk aversion from our credit committee/ credit staff
- Ever increasing pressure on us wrt timing, inserting "bad" clauses etc=> quality ??=> rework or long discussions
- Growing external and internal rules: KYC, KYCC, KYT, embargoes & sanctions, 101 internal rules...

## Some issues in daily practices of BG

- Growing competition (in BE also from insurance companies) => lower margins / fees
- Implementation and training of SWIFT changes (especially 2019)= important!!
- Digitisation...

# Some comments wrt URDG758

- Growing acceptance of URDG worldwide: we hardly get rejections of URDG 😊
- Sometimes operational issues e.g. wrt communication and “proof of authenticity” especially for direct BG (no SWIFT) if it’s not arranged for in wording of the BG. How to submit a Demand is well settled in URDG and most BGs but not other types of communication like e.g. Notice of refusal directly to bene, Notice of non-extension, Notice of change of address etc. Should URDG make rules for this?
- In case of indirect BG’s: even if both legs are subject to URDG, they are often subject to different Law & competent courts= OK ? NOK? Do we accept “their” law?

# Some comments wrt URDG

“Extend or pay” situations : URDG require that this should first be examined as a claim for payment. This requires time & costs while the intention of both parties is only to have an extension... URDG is legally logical on this aspect but not so efficient.

Furthermore, if the demand has to be supported by various documents (e.g. inspection certificate, arbitration award etc.) these documents are normally not included with such “extend or pay” → formally invalid claim. In meantime time has elapsed for the bene to submit a “real” demand accompanied with all required documents...=> the applicant can “escape” from his obligations...

Above is very complicated issue;no perfect solution possible