

The letter of credit contract and the collection contract

Summary

The purpose of my thesis is to analyse two mediums of payment: the letter of credit and the bank collection. The reason for my research is to compare these two mediums of payment, find out, what they have in common and finally, try to analyse their advantages or disadvantages. Next to that, I considered it useful to compare contemporary legal regulations with the new civil code bill and say, what new it brings.

The thesis is composed of five chapters, each of them dealing with different matters of medium of payment.

Chapter One deals with matters common to both of aforesaid mediums. It is called Business contractual relations. Generally said, it surveys types of legal relations that the letter of credit and the bank collection are kinds of. The Chapter is subdivided into four parts. Part One describes civil contractual relations. Part two defines business contractual relations. Part three deals with the creation of the business contractual relations and last part, Part Four is about the fundamental principles of the commercial law.

Chapter two is an analysis of banking business. Because letter of credit and bank collection are both parts of banking business, I considered it important to involve this part to the study. The Chapter is subdivided into five parts. Part one characterises banking business in general. Part two focuses on the term “bank”. Part three examines bank undertaking and bank licence. Part four explains bank trading conditions and part five explicates legal protection of the consumer in the Commercial code.

Chapter Three is subdivided into six parts and presents the letter of credit. Part one is addressed to the letter of credit in general. Part two is based on the legal form of the letter of credit. Part three points out an “ordinary” letter of credit, part four the

documentary letter of credit. Part five shows other types of the letter of credit mentioned in the Commercial code and the last, sixth part, concerns other possible types of the letter of credit on the grounds of the praxis and other legal enactments.

Chapter Four is composed of seven parts and deals with the bank collection. Part one describes bank collection in general. Part two (as in the case of the letter of credit) is based on the legal form of the bank collection. Part three provides an “ordinary” bank collection, part four then the documentary bank collection. Part five analyzes other types of the bank collection. Part six compares the bank collection contract with the mandate contract in the light of the Commercial code. Part seven compares the bank collection contract with the forwarding contract and another type of the mandate contract regulated by the Commercial code as well.

Chapter Five contains another possibilities how the parties to a contract can regulate their contractual relationships and also a comparison between contemporary regulation in Commercial code and regulation provided by the new civil code bill. The main aim of the paper was to compare the regulation of the letter of credit and the bank collection. Since the new bill will be possibly passed and the new regulation is (except for some minor changes) the same as the contemporary one, I suppose, that the legislature finds the contemporary legislation satisfactory as well. In my opinion, there are some more sections to be added, just to ensure the beneficiary (talking about the letter of credit now) he will get his money without suffering any harm.