

# Learning Objectives

## International Trade Finance Course Objectives

- Explain the nature and scope of trade finance, particularly the “Four Pillars” of trade finance—payment facilitation, risk management, financing and the provision of information related to a transaction
- Describe the impact of technology on trade finance
- Compare the major products and services related to trade finance, including the role and requirement of each party to a transaction
- Describe the importance of export credit agencies and international financial institutions in international trade
- Discuss the importance of adequate planning relative to the financial aspects of international trade

### ***Chapter 1: An Introduction to Trade Finance—The bottom line of global business***

- Identify core concepts of financing as related to trade
- Explain the need for long-term commitment to the market and the implications for careful planning around trade finance
- Define key terminology related to trade finance
- Discuss the importance of establishing relationships with trading partners and financial service providers

### ***Chapter 2: Analyzing and Managing Risk—Maximizing the potential for success***

- Identify risk elements in international trade for the importer and exporter
- Outline resources and tools for assessing risk
- Describe the basics of foreign exchange and demonstrate an awareness of options in managing the associated risk
- Explain the relationship between risk and the choice of payment instruments and settlement methods

### ***Chapter 3: Trade Finance Instruments and Services—The tools and how to use them***

- Describe the various trade finance instruments and services available to importers and exporters
- Discuss letters of credit, bonds, guarantees and insurance in the context of trade finance
- Describe the importance of documentary compliance requirements
- Demonstrate an understanding of the relationship between risk and the various trade finance instruments addressed in the chapter

**Chapter 4: Foreign Exchange Rates—Minimizing your risks**

- Discuss the nature of foreign exchange rates and how they affect international business
- Describe the risks a company might face due to exchange rate movements and know how companies measure and manage their impact
- Identify and select corporate strategies that can minimize the risks a company might face due to exchange rate movements
- Choose appropriate hedging tools and techniques to eliminate corporate risks that would be attributable to unanticipated exchange rate fluctuations

**Chapter 5: Pricing—Purchase and settlement—the terms of the deal**

- Identify the pricing elements to be considered when negotiating international transactions
- Define the elements included in assessing transaction cost and price
- Discuss the importance of Incoterms (terms of trade) in pricing
- Identify common in-market pricing strategies
- Describe the means of remitting funds or settling a transaction and the associated risks

**Chapter 6: Short-Term Financing—For export and import transactions**

- Describe sources for financing short-term transactions
- Illustrate the applicability of financing for specific business or transactions
- Discuss the means of leveraging account receivables or payables

**Chapter 7: Medium- and Long-Term Financing—Preparing for the long view**

- Discuss longer-term financing alternatives
- Identify the applicability of alternatives to specific types of transactions
- Describe the role played by commercial banks, ECAs and development banks in supporting capital goods exporting
- Identify and describe documentary requirements of longer-term financing

**Chapter 8: Export Credit Agencies and Private Sector Credit Insurers—Partners in trade finance**

- Discuss the nature and importance of export credit/insurance agencies (ECAs)
- Describe the role and various models of ECAs
- Describe the relationship of ECA products to other trade finance solutions

**Chapter 9: Technology and Trade Finance—Enhancement; transformation; transparency**

- Describe the impact of global network technologies on the trade finance environment
- Discuss emerging, technology-enabled models in trade finance
- Define and discuss the concept of "virtualization" of traditional trade finance instruments

**Chapter 10: Cash Flow Planning—Challenges and solutions**

- Discuss factors that can make cash flow planning much more challenging for international trade transactions than in domestic operations
- Describe how to plan and project cash flows for a business engaged in international trade
- Discuss how companies can take steps to improve their overall cash flow

**Chapter 11: The Financial Plan—Putting the right instruments in place**

- Describe the financial elements necessary to undertake successful planning for exporting and importing business
- Discuss the need for long-term financial commitment to import/export ventures
- Identify and understand all the key elements of a pricing strategy
- Describe the relationship between financing and competitiveness