

1. Certificate in International Trade and Finance Syllabus (CITF®)

Nature of the Subject

International trade is a vital part of the global economy. This module examines the roles and responsibilities of banks, importers and exporters and the products available to assist them to find satisfactory solutions to the problems of international trade finance. The module contains an introduction to the international trade environments, the commonly used documents and international trade terms, key methods of trading and exchange risk. Those already involved in international trade will recognise the processes described and be able to extend their knowledge, whilst the novice should find the material provides an excellent introduction to the subject.

Learning objectives

On completion of the module students will be able to:

- advise clients appropriately on international trade and finance
- understand the processes involved in each type of international trade product
- understand the risks involved in international trade and how to mitigate them
- understand current banking practices and conventions applicable to international trade
- understand the roles and responsibilities of all parties involved in international trade products

NB *Students who require an in depth knowledge of Documentary Credits are advised to study the 'Certified Documentary Credit Specialist (CDCS)' module. Coverage of documentary credits within this syllabus will be covered in less depth than other methods of international trading.*

Learning criteria The learning.	Learning outcome The learner can:	Weighting %
1. Understand the trade finance environment	1.1 provide an overview of what is meant by world trade 1.2 provide an overview of the significance of market research in relation to trade finance 1.3 describe buyer/seller selection in respect of trade finance 1.4 describe credit enquiries in relation to trade finance 1.5 recognise the International rules, ICC rules and regulations 1.6 identify and manage issues faced in international trade markets (PESTEL analysis) 1.7 recognise the risks involved in international trade	10
2. Understand the procedures involved in Trade Contracts	2.1 describe the different types of trade contract and when they would be used including proforma invoice, purchase order, sales contracts 2.2 explain the model forms of the sales contract sheet 2.3 recognise the legal obligations for the parties under CISG 1980 (ICC publication 685)	5
3. Understand the trade terms and Incoterms 2000	3.1 explain the content of Incoterms 2000 and what is covered within the provisions of the main trade terms 3.2 explain the roles and responsibilities of buyers and sellers	10
4. Understand the nature of financial, commercial and transport documents used in international trade	4.1 recognise financial documents e.g. bills of exchange 4.2 recognise commercial documents e.g. invoices, certificates of origin/insurance 4.3 provide an overview of what is meant by cargo insurance 4.4 recognise transport documents e.g. bills of lading	15
5. Understand the nature of documentary credits	5.1 explain the features of documentary credits 5.2 appreciate the benefits and risks of different types of documentary credits 5.3 explain the financing opportunities available under documentary credits 5.4 explain the roles and responsibilities of parties involved in documentary credits	10

Learning criteria The learning.	Learning outcome The learner can:	Weighting %
6. Appropriately apply documentary collections in accordance with URC 522	6.1 explain the elements of collection 6.2 explain the content of collection instructions and documents required in collection 6.3 describe the process for monitoring and control of the collection 6.4 explain the responsibilities of the remitting, collecting and presenting banks 6.5 describe the process and procedures for delivery and presentation of documents 6.6 explain what is meant by dishonour of collection bills and action to be taken 6.7 describe the provision of bank finance for collection bills 6.8 discuss forfeiting finance of avalised or guaranteed bills 6.9 explain the use of trust receipts and trust receipts in financing	10
7. Understand the risks involved in the trading methods in international trade	7.1 explain advanced payment and the risks involved 7.2 explain open account and the risks involved 7.3 compare the effects of trading using advance payment, open account, documentary collections and documentary credits	5
8. Understand short-term, medium-term and long-term trade finance	8.1 describe bank credit facilities to sellers and/or buyers 8.2 explain trade finance under open account trading 8.3 explain invoice financing with recourse to seller 8.4 explain invoice financing without recourse to seller 8.5 describe international factoring finance 8.6 explain the principles of discounting, forfaiting and leasing 8.7 explain counter trade 8.8 describe commercial paper 8.9 describe euro-bonds and euro-equities	10

Learning criteria The learning.	Learning outcome The learner can:	Weighting %
9. Understand what is meant by bank guarantee	9.1 describe the roles and responsibilities of the parties involved 9.2 explain the terminologies used for demand guarantees 9.3 describe the different types of demand guarantee and amendments to them 9.4 explain the nature of the independence principle of a guarantee 9.5 describe the operation for the application and issuance of a bank guarantee 9.6 explain the assignment of proceeds 9.7 describe the process for submission and examination of a demand under a bank guarantee 9.8 describe the circumstances which apply on expiry of a demand guarantee 9.9 recognise that bank guarantees can be issued subject to local law 9.10 describe how standby letters of credit cover the non-payment risk 9.11 describe how bank guarantees cover non-payment risk 9.12 apply the principles and rules of ISP98 9.13 apply the principles and rules of URDG	10
10. Appreciate other issues associated with international trade products	10.1 explain the significance of the risk of money laundering, terrorist finance and fraud 10.2 recognise the need for risk mitigation in foreign exchange 10.3 discuss the usage of shipping guarantees and delivery orders 10.4 describe the cover provided by export credit and insurance, including short and medium-term export finance, credit insurance, buyer/supplier credit facilities and government-backed export credit/insurance schemes 10.5 describe the procedures and processes for dispute handling and arbitration 10.6 describe the trade promotion services available from banks 10.7 outline the importance of correspondent banking including settlement of payments 10.8 describe remittance basis payments and the correspondent banking arrangement	15