



2 – DAY


FINANCE OF INTERNATIONAL TRADE

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INTRODUCTION

This program is about learning the financing of international trade with emphasis on the various types of instruments used and also the different methods of payments involved in international trade. It also explains the importance and operation of a letter of credit – the key instrument used in financing of international trade. The program will also dwell into the new Incoterms 2020 which are basically trade terms used in international trade.

Participants will also learn about trade financing fraud and other risk issues in international trade.

This course will equip participants with a good understanding of the financing of international trade. It will enable participants who are involved in trade related functions to manage their portfolio more effectively and bring more value to the company.

METHODOLOGY

Lectures through PowerPoint presentation, notes handout, quiz exercise, short test, discussion and case studies.

COURSE OBJECTIVES

By the end of this course, you will be able to:

- To understand the fundamentals and risks of International Trade
- To learn the various types of instruments in the financing in International Trade
- To understand the operation of a Letter of Credit.
- To be aware of the main changes in Incoterms 2020.

WHO SHOULD ATTEND?

Personnel who are involved in trade finance related functions and those who are interested to gain knowledge on the subject.

PROGRAM OUTLINES

MODULE 1: INTERNATIONAL TRADE

- Introduction to International Trade
- Benefits of International Trade
- The main parties involved in International Trade
- The various risk issues in International Trade

MODULE 2: TRADE FINANCE

- Definition of Trade Finance
- Methods of payment in financing of International Trade
- Factors influencing method of payment

MODULE 3: LETTER OF CREDIT

- The importance of letter of credit in International Trade
- Main features of a letter of credit
- Different types of letter of credits
- Operation of a letter of credit
- Uniform Customs and Practice for Documentary Credits (UCP 600)

MODULE 4: TRADE & COMMERCIAL DOCUMENTS

- Importance of each document
- Banks deal with documents, not goods
- Role and responsibilities of buyer and seller

MODULE 5: THE VARIOUS BANKS INVOLVED IN THE OPERATION OF A LETTER OF CREDIT

- The role of each bank
- The bank's commitment and responsibilities

MODULE 6: DISCREPANCIES IN A LETTER OF CREDIT

- Types of discrepancies
- Measures to manage discrepancies
- Common discrepancies

MODULE 7: ISLAMIC LETTER OF CREDIT

- Based on Shariah Islamic principle
- Operation of Islamic letter of credit
- Islamic letter of credit vs traditional letter of credit

MODULE 8: INCOTERMS 2020

- Purpose of incoterms
- Main categories of incoterms
- The main changes in Incoterms 2020

MODULE 9: TRADE BARRIERS

- Types of trade barriers
- Free Trade Agreements (FTA)

MODULE 10: EXPORT VS EXPANDING BUSINESS OPERATION OVERSEAS

- Benefits of export operation
- Downsides in expanding overseas

MODULE 11: TRADE FINANCING FRAUD

- Forged documents
- Fraud in the transaction
- Measures to minimise trade fraud

MODULE 12: TRADE BASED MONEY LAUNDERING (TBML)

- Meaning of TBML (199801010558)
- Red flags on TBML
- Common examples of TBML

MODULE 13: MANAGING CURRENCY RISK

- Foreign exchange rate
- Rate of exchange of Ringgit Malaysia
- Hedging against exchange rate fluctuations
- Fixed & Option Forward contracts

QUESTIONS & ANSWERS