Trade Finance and International Finances

Overview

This module demonstrates the use of a structured and systematic approach to assess and manage the risks inherent within international trade. It helps understand the techniques used to mitigate and/or transfer risks between the parties involved in the transactions. This course also explores the products, participants, markets and regulators that influence trade finance.

Learning Outcome Statements

- Apply a structured approach to identify the key risks to which importers & exporters are exposed and match trade finance solutions
- Understand the key drivers of cash generation & use throughout a company's business cycle and how this changes as a result of economic and commodity cycles, organic and acquired growth, and company-specific strategic initiatives
- Distinguish the main features, benefits and risks mitigation characteristics inherent in structured & trade finance products
- Recognize the accounting, cash flow and capital requirement implications of trade finance products
- Structure trade finance transactions to meet client need and minimize risk to the Bank.

Key Contents

- Debt repayment capacity and refinancing
- Forfaiting
- Bill of Lading
- Irrevocable LC
- International trade payment methods
- Types of Guarantees in Banking and Contracting
- Structured approach to assessing a company's cash flow and identifying trade finance requirements
- Trade finance solutions: recommend most appropriate product(s) and explain benefits (and drawbacks) from the Buyer's and Seller's perspective, impact on cash flow, and comparison to possible alternative solutions.
- Use the cash flow statement and business cycle to identify and quantify the need for trade finance
- Sample client scenario: a brief description of company specific need or challenge
- Impact of profits and working capital on core cash flow
- Investment decisions and impact on longer term credit standing of the company
- Financing needs (short term revolving vs. long term amortising)