

LOG323 Trade Finance

Level: 3

Credit Units: 5 Credit Units

Language: ENGLISH

Presentation Pattern: EVERY JULY

Synopsis:

A large proportion of world trade relies on financial instruments, hence the role of trade finance in international trade is important. LOG323 Trade Finance provides an in-depth knowledge and understanding of the basic principles of finance and helps foster understanding of the relationship between finance and international trade. In addition, students will be introduced to a comprehensive coverage of tools and techniques for effective handling of financial instruments and their applications. Students will be exposed to the practical and theoretical aspects of trade finance such that they are able to manage risks, reduce risk exposure and prevent fraud as well as understand the difficulties regarding policymaking in this area. At the end of the course, students would be aware of the potential impact of different policies and able to conduct adequate planning related to the financial aspects of international trade.

Topics:

- Global trade finance market and trade transaction flow
- Concepts, risks and costs in financing trade
- Borrowing-based funding
- Bonds, guarantees and letters of credit
- Structured trade finance (STF)
- Shipping and logistics (vessel chartering)
- Syndications and club deals
- Insuring and financing trade
- Engaging finance providers
- Export pricing and costing, export credit agencies, international institutions and non-bank providers.
- Terms of payment and politics in trade finance
- Best practices and case studies

Textbooks:

Malaket, A.R: Financing Trade and International Supply Chains - Commerce Across Borders, Finance Across Frontiers, 2016 Routledge
ISBN-13: 9781317135036

Malaket, A.R: Financing Trade and International Supply Chains - Commerce Across Borders, Finance Across Frontiers, 2016 Routledge
ISBN-13: 9781317135036-AA

Learning Outcome:

- Show the fundamentals of trade finance and discuss the forms of trade finance across the supply chain.
- Analyse concepts and financial mechanisms such as documentary collections, letters of credit, guarantees and factoring in facilitating international trade.
- Propose areas where more attention is required using risk measurement tools and risk assessment in order to mitigate an organisation's financial risks.
- Demonstrate the issues in communicating with bankers and the guidelines of engaging effectively with trade finance providers to ensure that the selected provider is well-matched to the organisation's financial needs.
- Discuss the role of organisations such as hedge funds, export credit and insurance agencies and other alternative sources of trade and supply chain finance.
- Examine the role of governments and international organisations in facilitating trade.
- Appraise financial arrangements and relationships with institutions to ensure financial health of organisation.
- Apply financial rules and customs when conducting international trade transactions.
- Recommend areas for improvement to put in place a sound financial plan to mitigate risks in trade transactions.

Assessment Strategies:

Continuous Assessment Component	Weightage (%)
PRE-COURSE QUIZ	2
PRE-CLASS QUIZ	2
PRE-CLASS QUIZ	2
PARTICIPATION	6
GROUP BASED ASSIGNMENT	38
Sub-Total	50

Examinable Component	Weightage (%)
Written Exam	50
Sub-Total	50

Weightage Total **100**