

Identifying & Mitigating Risks & Frauds in International Trade Finance

3 Days

COURSE OVERVIEW

This course is Module 2 of the Trade Financing collection,, and is a follow-up of the Module 1 – Essentials of International Trade Finance and seeks to build on the foundation knowledge of the first seminar, but goes into greater depth in explaining the different financing options for Importers and Exporters that are available. The second part of the seminar is to highlight the risk areas where Exporters and Importers commonly are faced with and how to manage such risks. Also to explain how the different aspects of frauds that are encountered in trade.

LEVEL

Intermediate

WHAT WILL I GET OUT OF IT?

By the end of the course participants will be able to:

- Identify and minimize risks/ problems in the different payment mechanisms
- Understanding the key import/export financing options available
- Identify Risks encountered in import/export transactions
- Understand the forms of commercial frauds and ways to minimize them
- Understanding the risks & control aspects trade financing

WHO'S IT FOR?

- Bank's Credit & Marketing Staff
- Internal Auditors
- Bills Operations Staff
- Compliance Officers

COURSE CONTENT

Day 1- Traps in LC

Overview of International Trade - Basic Issues in International Trade

Key Risks Areas in Trade Finance

Trade Finance Internal Control Guidelines

Risks & Fraud Possibilities in Payment Terms

- Advance Payment
- Open Account
- Collections
- Letters of Credit
- Standby L/C

Traps in LC Operations

- A Review of 30 common pitfalls

Day 2 - Risks in the Different Types of LC & Documentation

Letters of Credits

- Sight/Usance
- Revocable
- Irrevocable
- Confirmed Irrevocable
- Red Clause LC
- Revolving LC
- Transferable LC
- Back-to-Back LC

When do risks get transferred from seller to buyer – The 11 Incoterms

Trade Documentation used in International Trade

- Draft
- Invoice
- Packing List
- Bills of Lading
- Multimodal BL
- Charterparty BL
- Airwaybill
- Forwarder's Cargo Receipt
- Inspection Cert
- Insurance Cert
- Dock receipt

Day 3 - Import/Export Financing Facilities & Commercial Frauds

Types of Import Facilities

- Trust Receipts
- Import Loans
- Warehouse Financing

Types of Export Facilities

- Export Bills Purchase
- Export Bills Discounted
- Export Bill Negotiation
- Banker's Acceptance

Risks Encountered by Buyers/Sellers

- Performance Risk

- Commercial Fraud
- Exchange Rate Risk
- Interest rate Risk
- Government/Political Risks
- Non-Acceptance Risks
- Transportation Risk
- Payment Risk
- Documentary Risk

Commercial Frauds

- Documentary Fraud
- Maritime Fraud
- Local L/C Fraud
- Characteristics of Frauds
- Local LC Frauds
- SBLC Frauds
- Shipping Guarantee Frauds
- Phantom Ship Frauds
- Cargo Insurance Frauds

Measures To Mitigate Risk