



9104



Virtual



24 hours



USD 1,650

Course Description:

An introduction to the tools and processes of this specialized area of international finance. Participants will assess the risks involved in international trade in a structured manner. They will then learn techniques to mitigate and/or transfer risk between the parties involved in these transactions.

The differing roles and requirements of Importers, Exporters, Traders, Insurers and Bankers will be explored and explained through a combination of presentations, exercises and case studies. A practical approach will be taken with many real-life examples throughout the workshop.

Target Audience:

- TCF Managers and support staff
- Credit Analysts
- Wholesale Bankers working in and with the emerging markets
- Internal Auditors
- Letter of Credit staff looking to update their knowledge and expand their product base
- Relationship managers

Course Objectives :

Upon completion of this seminar delegates will be able to:

- Identify the key risks to which Importers and Exporters are exposed.
- Select from among trade finance products those which may best meet customer needs.
- Evaluate the risk mitigation characteristics of the products.
- Propose trade financing structures acceptable to bankers and their clients.

Course Outline:

Day 1:

Session 1: Introduction

- What is Trade and Commodity Finance
- Who are the parties involved? Overview of risks involved.
- Problems that participants encounter in their day to day work with TCF transactions

Session 2 Tools and Documents of Trade Finance

- The 'risk ladder'. The range of risk levels in TCF transactions
- Documents used in international trade
- Shipping and Incoterms. What are they and what is their relevance in assessing risk
- Collections
- Documentary Credits (including transferable and back to back)

Session 3 Tools and Documents of Trade Finance Continued

- Financing under collections and letters of credit. Which are the most common of these facilities
- Standby letters of credit
- Bank Payment Obligations (BPOs)

Session 4: Understanding the client's business:

- What does your client do?
- What risks are involved? How does your client manage these risks?
- Key issues to understand in currency and price hedging strategies.
- What kind of facilities does your client need? Is the amount clear?
- Compliance issues
- Example of failure by bank to understand business

Evening Work:

Participants will be requested to

- Summarize their individual key learning points of the day and indicate how these learning points can be used to improve performance and asset quality

Day 2:

Review:

- Discussion on learning and action points from Day 1

Session 5: Transactional Finance 1

- Self - liquidating, repayment from sales proceeds.
- The roles of various parties involved.
- Lending against collateral. How to decide percentage to finance?
- When should security be taken? What determines whether it is perfect or imperfect?
- Collateral/ security position for goods in transit



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- Financing goods in warehouses. What is the process? To what extent can it be viewed as asset-based finance? Can the bank maintain control at all times?

Session 6: Transactional Finance 2

- What risks are inherent in transactional finance: how can these be mitigated?
- Risk sharing. What are the benefits and drawbacks
- Syndicated facilities. Additional considerations.
- Use of financial and non-financial covenants. Do they provide realistic early warning signals and/ or protect LGD?
- Should financing be with or without recourse to the client?
- The importance of understanding legal issues at all stages of the transaction.
- Financing the supply chain.

Evening Work:

Participants will be requested to

- Summarize their individual key learning points of the day and indicate how these learning points can be used to improve performance and asset quality

Day 3:

Review:

- Discussion on learning and action points from Day 2

Session 7: Borrowing Base Facilities

- How do they differ from 'Transactional Finance'?
- Can they be viewed as self liquidating?
- How to structure the Borrowing Base.
- What security needs to be taken?
- What are the potential loopholes in protection?

Session 8: Pre-export finance facilities

- The structure of a typical pre export finance transaction
- Risks and mitigants for the Bank
- Examples and exercises

Session 9: Structured inventory financing

- The role of the various parties involved
- Mechanics and practicalities
- On and off balance sheet structures
- Benefits for the client and risks for the Bank
- Realising the inventory for repayment in case of need

Session 10: Fraud and How to avoid it?

- What is double financing?
- Other example of Frauds
- What lessons can be learnt from experience of frauds

Session 11: Bringing it all together

- Review of major learning point of the workshop
- Final case study presentation.

Course Provider:

Moody's Analytics