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INTERMEDIATE LEVEL	
SUBJECT	FINANCE OF INTERNATIONAL TRADE I
DATE	26 APRIL 2022
TIME	3 HOURS
MARKS	100
EXAM TYPE	CLOSED BOOK



INSTRUCTIONS TO CANDIDATES

1. Read the instructions CAREFULLY before answering the paper
2. This examination has five (5) questions
3. Answer any four (4) questions
4. Each question carries 25 marks
5. Use relevant illustrative practical examples in as far as possible
6. Start each question on a fresh page
7. Please number your answers
8. Please be neat – illegible handwriting cannot be marked
9. Use black or blue ink
10. Ensure that all information on the cover of your answer book is completed in full.
11. Cheating is not allowed. If anyone is caught cheating, disciplinary measures will be taken by the Institute of Bankers.

GOOD LUCK !

Question 1

With specific reference to developing countries, identify and explain at least five reasons why governments favour trade barriers. **[25 marks]**

Question 2

What is trade finance? Outline the main benefits of trade finance. **[25 marks]**

Question 3

With specific reference to developing countries such as Zimbabwe, discuss at least five objectives of foreign exchange control. **[25 marks]**

Question 4

Clearly explain at least five reasons why Zimbabwe needs to adopt a stable exchange rate system. In your answer explain how exporters and importers stand to benefit. **[25 marks]**

Question 5

Briefly explain the characteristics of each of the following methods of payment in international trade. Focus your answer on applicability, risk, advantages and disadvantages.

- a) Cash-in-advance **[6 marks]**
- b) Documentary collections **[6 marks]**
- c) Open account **[6 marks]**
- d) Consignment **[7 marks]**

END OF QUESTION PAPER!