

THE INSTITUTE OF BANKERS OF ZIMBABWE

P O BOX 10521
HARARE

TELEPHONE: 744686
EMAIL: info@iobz.co.zw

DIRECTOR : S T BIYAM F.I.B.Z



14177 Gunhill Avenue

GUNHILL
HARARE

DIPLOMA LEVEL	
SUBJECT	FINANCE OF INTERNATIONAL TRADE II
DATE	25 OCTOBER 2017
TIME	3 HOURS
MARKS	100
EXAM TYPE	CLOSED BOOK



Alliance of African Institutes of Bankers

INSTRUCTIONS TO CANDIDATES

1. Read the instructions CAREFULLY before answering the paper
2. Answer any four (4) questions
3. Each question carries 25 marks
4. Please be neat – illegible handwriting cannot be marked
5. Use black or blue ink
6. Ensure that all information on the cover of your answer book is completed in full.
7. Cheating is not allowed. If anyone is caught cheating, disciplinary measures will be taken by the Institute of Bankers.

GOOD LUCK !

FINANCE FOR INTERNATIONAL TRADE II

OCTOBER 2017

INSTITUTE OF BANKERS OF ZIMBABWE

INSTRUCTIONS: Answer any four (4) questions. Each question carries equal marks (25 marks)

QUESTION 1

- a) Define the term Bank Guarantee. Explain the three parties to the Bank Guarantee. (5 marks)
- b) Briefly describe the following types of bank guarantees: Bid Guarantee, Performance Guarantee, Advance Payment Guarantee and Retention Guarantee. (20 marks)

QUESTION 2

A quotation describes the products, its price, time of shipment, and terms of sales, and terms of payments. Discuss any five of the following Export Quotations: EX WORKS, FAS, FOB, C&F, CIF, ExDOC, DDP. *Include examples in your answer (25 marks)*

QUESTION 3

Briefly explain, *with examples*, the following payment methods in the context of international trade.

- a) Sight payment
- b) Deferred payment
- c) Payment against acceptance
- d) Negotiation

(Total 25 marks)

QUESTION 4

What are the differences between the following:-

- (a) Documentary credit and documentary collection. *(5 marks)*
 - (b) Absolute advantage and comparative advantage. *(5 marks)*
 - (c) Proforma Invoice and commercial invoice. *(5 marks)*
 - (d) Bill of exchange and bill of lading. *(5 marks)*
 - (e) Factoring and Forfaiting. *(5 marks)*
- (Total 25 marks)**

QUESTION 5

- a) Discuss **five** factors that impede free flow of international trade. *(10 marks)*
 - b) Briefly explain **five** major roles played by commercial banks in international trade *(15 marks)*
- (Total 25 marks)**

END