

# THE INSTITUTE OF BANKERS OF ZIMBABWE

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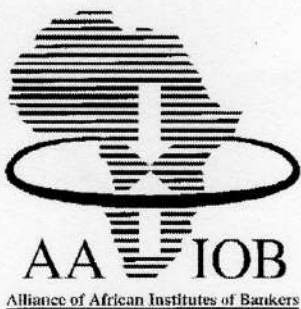


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<b>DIPLOMA LEVEL</b>	
SUBJECT	FINANCE OF INTERNATIONAL TRADE II
DATE	27 APRIL 2022
TIME	3 HOURS
MARKS	100
EXAM TYPE	CLOSED BOOK



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 !**

APRIL 2022

## INSTITUTE OF BANKERS OF ZIMBABWE

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

### QUESTION 1

Trade finance is the financial assistance provided in the field of international trade and commerce through the use of various financial products. Briefly explain the following five types of trade finance products highlighting their benefits/merits:

- Term Loans [5 marks]
- Working Capital Limits like Overdrafts [5 marks]
- Invoice Discounting [5 marks]
- Letter of credit [5 marks]
- Advance Payment [5 marks]

### QUESTION 2

- a) What are exchange controls? [3 marks]
- b) Discuss the advantages and disadvantages of exchange controls. (8 marks)
- c) The Customs Declaration Form No. 3 (CD3) and the Customs Declaration Form No. 1 (CD1) are important documents in international trade particularly on exports. Briefly explain the uses of these forms and the processes involved in their acquittal. [14 marks]

### QUESTION 3

- a) The most important documents in the shipping process for exporters are the Bill of Lading, Commercial Invoice cum Packing List and the Shipping Bill/Bill of Export. Describe the above three shipping documents for exports. [15 marks]
- b) What is the role of the Exports Credit Guarantee Company of Zimbabwe [10 marks]

#### **QUESTION 4**

- c) Governments place restrictions [in the form of trade barriers] on foreign trade to protect domestic producers from foreign competition. Briefly explain the following types of trade barriers are [a] tariffs, [b] import quotas, [c] non-tariff barriers, and [d] voluntary export restrictions. **[20 marks]**
- d) List the main arguments for these trade barriers. **[5 marks]**

#### **QUESTION 5**

Define a letter of credit and briefly explain the roles of the following parties in a documentary letter of credit:

- a) The issuing bank
- b) The advising bank
- c) The confirming bank
- d) Importer
- e) Exporter

**[Total marks 25]**

**END**