

**OSTİM TECHNICAL UNIVERSITY  
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES**

**COURSE SYLLABUS FORM**

<b>ITF302 Foreign Trade Financing</b>							
<b>Course Name</b>	<b>Course Code</b>	<b>Period</b>	<b>Hours</b>	<b>Application</b>	<b>Laboratory</b>	<b>Credit</b>	<b>ECTS</b>
Foreign Trade Financing	ITF302	6	3	0	0	3	4

<b>Language of Instruction</b>	English
<b>Course Status</b>	Compulsory
<b>Course Level</b>	Bachelor
<b>Learning and Teaching Techniques of the Course</b>	Lecture, Question-Answer, Problem Solving, Teamwork, Report Writing

<b>Course Objective</b>
<p>This course examines the basic models of international trade and finance, emphasizing their theoretical foundations, empirical relevance and policy implications. The course also illustrates how to use these models to analyze the rise of global value chains and the growth effects of financial globalization. The course centers on the strategies and knowledge required for a successful international trade transaction. To be successful in international trade, organizations need to optimize payment options, risk mitigation strategies, use of financial tools, contracts and effective cash flow management. The course also covers techniques and plans to resolve disputes should they arise.</p>

<b>Learning Outcomes</b>
<p>On successful completion of this course, candidates should be able to:</p> <ol style="list-style-type: none"> <li>1. Describe types of commercial, currency and other financial risks involved in international trade transactions and describe methods available to minimize them.</li> <li>2. Negotiate payment method as a part of the terms and conditions of a contract for an international venture, considering payment options, current trade research, benefits and relative risk for buyer and seller.</li> <li>3. Describe bonds and types of guarantees and how banks and international financial institutions support international trade finance</li> <li>4. Explain the range of products and services provided by various models of export credit agencies and how they can support organizations in their international trade transactions.</li> <li>5. Develop a cash flow plan as part of an annual budget and the development of financing packages.</li> <li>6. Explain the range of documents in international trade together with other terms (such as Incoterms)</li> </ol>

7. Resolve any international business disputes through alternative dispute resolution techniques where possible before considering litigation. Describe basic environments (legal, social, economic) in which a business operates.
8. Explain emergent trends in foreign trade financing such as Blockchain Technology

### Course Outline

Demonstrate basic knowledge of the topics; Foreign Trade Overview, Foreign Transactions Legislation and Documents Used in Foreign Trade, Delivery Methods in International Trade, Payment Types - Cash Payment, Payment by Letter of Credit, Payment Against Documents, Payment Against Goods, Export - Financing of Short Term Exports, Medium and Long Term Export Finance, Import-Pre-Import Financing, Post-Import Financing, Foreign Resources-Letter of Guarantee Credits, Risks Encountered in Foreign Trade and Protection Methods, General Evaluation.

### Weekly Topics and Related Preparation Studies

Weeks	Topics	Preparation Studies
1	International Trade and Inherent Risks Services Offered by Commercial Banks (Bhogal & Trivedi, Chaps.1-2)	<ul style="list-style-type: none"> <li>- Explore Background of international trade</li> <li>- Define Exporters' Risks</li> <li>- Define Importer Risks</li> <li>- Types of Finance of Exports</li> </ul>
2	Methods of Trade / Payment Foreign Exchange Rates (Bhogal & Trivedi, Chaps.3-4)	<ul style="list-style-type: none"> <li>- Describe Cash on Delivery, Advance payment, collections etc.</li> <li>- Explore Letter of Credits</li> <li>- Foreign Exchange Markets</li> <li>- Banks' Accounting Systems</li> </ul>
3	Foreign Exchange Rates Bill of Exchange, Purchasing and Discounting (Bhogal & Trivedi, Chaps.4-5)	<ul style="list-style-type: none"> <li>- Identify and discuss how exchange rates are determined</li> <li>- Define spot and forward rates</li> <li>- Define types of bill of change</li> <li>- Explore clauses on bill of exchange</li> <li>- Endorsements</li> </ul>
4	Documentary Letters of Credit Letter of Credit Types (Bhogal & Trivedi, Chaps.6-7)	<ul style="list-style-type: none"> <li>- Identify parties and advantages of a letter of credit</li> <li>- Define back-to-back letter of credits</li> </ul>
5	Methods of Payment Financial Load Variations: Eight Types of Letters of Credit (Bhogal & Trivedi, Chaps.8-9)	<ul style="list-style-type: none"> <li>- Define differences between payment, settlements and negotiations</li> <li>- Describe issuing banks / Confirming Banks</li> </ul>
6	(INCOTERMS) and Their Application (Bhogal & Trivedi, Chap.10)	<ul style="list-style-type: none"> <li>- Explain international commercial / trade terms</li> <li>- Explore the historical evolution</li> </ul>
7	Documents in Foreign Trade UCP (Bhogal & Trivedi, Chaps.11- 12 ; 15-16)	<ul style="list-style-type: none"> <li>- Explain international trade documents in relation with UCP</li> </ul>

		– Negotiation of Documents
<b>8</b>	<b>MIDTERM EXAM</b>	
9	Factoring and Forfaiting Electronic Documents (eUCP) (Bhogal & Trivedi, Chaps.13-14)	<ul style="list-style-type: none"> <li>– Discuss factoring and cash flow in relation with advantages and disadvantages</li> <li>– Define main actors in mechanisms of factoring and forfaiting</li> <li>– Explore UCP 600</li> </ul>
10	Bank Guarantees and International Bonds (Bhogal & Trivedi, Chap. 17)	<ul style="list-style-type: none"> <li>– Explain distinctions between guarantees and indemnities</li> <li>– Describe types and parties in bank guarantees</li> <li>– Explore time and arbitration clauses in bank guarantees</li> </ul>
11	Swift System and Letter of Credits ICC DOCDEX Rules (Bhogal & Trivedi, Chaps. 18 -19)	<ul style="list-style-type: none"> <li>– Exemplify a swift message of letter of credit</li> <li>– Define scope of the swift system and bank relations</li> <li>– Define DOCDEX in relation with Transparency and Independence</li> </ul>
12	Innovative Non-traditional Finance (Bhogal & Trivedi, Chap. 22)	<ul style="list-style-type: none"> <li>– Explain supply &amp; chain finance</li> <li>– Explore structured finance and benefits</li> </ul>
13	Blockchain Technology and Trade Finance (Bhogal & Trivedi, Chap. 24)	<ul style="list-style-type: none"> <li>– Explain what is blockchain as a system of record</li> <li>– Mechanisms of recording in a distributed form</li> <li>– Explore current and expected scenarios</li> <li>– Cost and Speed of the system</li> </ul>
14	Money Laundering and Sanctions (Bhogal & Trivedi, Chap. 25)	<ul style="list-style-type: none"> <li>– Define money laundering and money movements</li> <li>– Explore ways of controlling money movements</li> <li>– Identify acts and sanctions for fair and clean trade</li> </ul>
15	Importance of Marine Insurance (Bhogal & Trivedi, Chap. 21)	<ul style="list-style-type: none"> <li>– Define the classification of marine insurance coverage</li> <li>– Explore what is marine insurance policy</li> <li>– Identify cargo clauses and risks</li> </ul>
<b>16</b>	<b>FINAL EXAM</b>	

**Textbook (s)/References/Materials:**

**Textbook:** Bhogal, T., & Trivedi, A. (2019). International trade finance: A pragmatic approach. Palgrave – Macmillan 2<sup>nd</sup> Edition (Springer)

ISBN: 978-3-030-24540-5 (eBook)

<https://doi.org/10.1007/978-3-030-24540-5> ©

**Supplementary References:** Sanati, G. (2019). Financing international trade: Banking theories and applications. SAGE/TEXTS.

**Assessment**

<b>Studies</b>	<b>Number</b>	<b>Contribution margin (%)</b>
Attendance		
Lab		
Classroom and application performance grade		
Field Study		
Course-Specific Internship (if any)		
Quizzes / Studio / Critical		
Homework		
Presentation		
Projects		
Report		
Seminar		
<b>Midterm Exam/Midterm Jury</b>	<b>1</b>	<b>40</b>
<b>General Exam / Final Jury</b>	<b>1</b>	<b>60</b>
	<b>Total</b>	<b>100</b>
<b>Success Grade Contribution of Semester Studies</b>		<b>40</b>
<b>Success Grade Contribution of End of Term</b>		<b>60</b>
	<b>Total</b>	<b>100</b>

<b>ECTS / Workload Table</b>			
<b>Activities</b>	<b>Number</b>	<b>Duration (Hours)</b>	<b>Total Workload</b>
Course hours (Including the exam week: 16 x total course hours)	16	3	48
Laboratory			
Application			
Course-Specific Internship			
Field Study			
Study Time Out of Class	16	4	64
Presentation / Seminar Preparation			
Projects			
Reports			
Homework	4	4	16
Quizzes / Studio Review			
Preparation Time for Midterm Exam / Midterm Jury	1	6	6
Preparation Period for the Final Exam / General Jury	1	6	6
<b>Total Workload/25 hours</b>	<b>(140/25 = 5.6)</b>		
<b>ECTS</b>	<b>4</b>		

### **Relationship Between Course Learning Outcomes and Program Competencies**

<b>No</b>	<b>Learning Outcomes</b>	<b>Contribution Level</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>L01</b>	Describe types of commercial, currency and other financial risks involved in international trade transactions and describe methods available to minimize them.					X
<b>L02</b>	Negotiate payment method as a part of the terms and conditions of a contract for an international venture, considering payment options, current trade research, benefits and relative risk for buyer and seller.					X
<b>L03</b>	Describe bonds and types of guarantees and how banks and international financial institutions support international trade finance					X
<b>L04</b>	Explain the range of products and services provided by various models of export credit agencies and how they can support organizations in their international trade transactions.					X
<b>L05</b>	Develop a cash flow plan as part of an annual budget and the development of financing packages.					X
<b>L06</b>	Explain the range of documents in international trade together with other terms (such as Incoterms)					X
<b>L07</b>	Resolve any international business disputes through alternative dispute resolution techniques where possible before considering litigation. Describe basic environments (legal, social, economic) in which a business operates					X
<b>L08</b>	Explain emergent trends in foreign trade financing such as Blockchain Technology					X

Relationship Between Course Learning Outcomes and Program Competencies										
No	Program Competencies	Learning Outcomes								Total Effect(1-5)
		L01	L02	L03	L04	L05	L06	L07	L08	
1	Have advanced theoretical and up-to-date knowledge in discipline-specific areas such as international trade, finance, logistics, and general business and international business such as economics, marketing, management, accounting.		X	X		X		X	X	5
2	Evaluate, follow, absorb and transfer new information in the field of international trade.	X	X					X	X	4
3	Conduct market research, carry out projects and develop strategies for a business to open up to international markets.		X	X			X	X	X	5
4	Use knowledge of national and international trade law and legislation in the management of international commercial operation processes.		X	X			X	X	X	5
5	Work independently and within an organization, using the knowledge and skills acquired in the field and adopting continuous learning.		X					X	X	3
6	Have the ability to apply her theoretical knowledge in real life, with the experience she/he will gain through practice in departments such as marketing, accounting, foreign trade, finance, logistics.	X		X		X		X	X	5
7	Have the theoretical knowledge to carry out export, import, customs clearance, logistics, taxation and other international trade activities within the scope of global and regional commercial and economic organizations.	X	X	X	X	X				5
8	Can develop a business idea, commercialize the business idea, and design and manage their own venture using their entrepreneurial knowledge.	X				X		X	X	4
9	Using strategic, critical, innovative and analytical thinking skills, actively take part in the decision-making processes of the enterprise in the field of foreign trade and finance.		X		X	X	X		X	5
10	Act in accordance with ethical values, respectful to the environment, social and universal values in all activities it will carry out in its field.			X			X	X	X	4
11	Have the skills to follow up-to-date information at national and international level, to gather information about field, and to communicate with international institutions / organizations using her/him knowledge of English.		X	X	X		X		X	5
12	Gain professional competencies to take charge in national and international businesses, public and private sector organizations	X				X	X		X	4
13	Can evaluate the problems and conflicts encountered in all areas related to international trade from different perspectives with a holistic approach and produce value-based solutions.	X	X				X	X	X	5
<b>Total Effect</b>										59

<b>Policies and Procedures</b>	
<b>Web page:</b>	<a href="https://www.ostimteknik.edu.tr/uluslararasi-ticaret-ve-finansman-bolumu-209">https://www.ostimteknik.edu.tr/uluslararasi-ticaret-ve-finansman-bolumu-209</a> <a href="https://www.ostimteknik.edu.tr/international-trade-and-finance-232">https://www.ostimteknik.edu.tr/international-trade-and-finance-232</a>
<b>Exams:</b>	The exams aim at assessing various dimensions of learning: knowledge of concepts and theories and the ability to apply this knowledge to real-world phenomena, through analyzing the situation, distinguishing problems, and suggesting solutions. The written exams can be of two types, i.e. open-ended questions, which can also be in the form of problems or multiple-choice questions. The case could also be carried to the Dean's Office for additional disciplinary action.
<b>Assignments:</b>	Quizzes and Homework (Assignments) might be applicable. Scientific Research Ethics Rules are very important while preparing assignments. The students should be careful about citing any material used from outside sources and reference them appropriately.
<b>Missed exams:</b>	Any student missing an exam needs to bring an official medical report to be able to take a make-up exam. The medical report must be from a state hospital.
<b>Projects:</b>	Not applicable
<b>Attendance:</b>	Attendance requirements are announced at the beginning of the term. Students are usually expected to attend at least 70% of the classes during each term.
<b>Objections:</b>	If the student observes a material error in his/her grade, he/she has the right to place an objection to the Faculty or the Department. The claim is examined and the student is notified about its outcome.