INTERNATIONAL TRADE FINANCE - 3T IMPEX TRADE ACADEMY

QUESTION 1

Which of these is not a payment method in International trade?

a. Letter of credit

b. Bill for collection

**c. None of the options**

d. Advance payment

QUESTION 2

The three categorisation of trade financing risks include the following except:

a. Country

b. Currency

c. Commercial

**d. Collaborator**

QUESTION 3

Which of the following is a principle that guide letter of credit transactions?

a. No default proof

b. Compliance

**c. All of the options**

d. Autonomy

QUESTION 4

Seller's performance risk can be minimise in export financing through the following except:

a. Insurance

**b. Due diligence**

c. History of previous shipment

d. Banker personal development

QUESTION 5

Which of these in not a type of international trade?

a. Import

**b. None of the options**

c. Export

d. Entreport

QUESTION 6

Which of the following is a country risk?

**a. Civil unrest**

b. Insolvency

c. None of the options

d. Non-performance

QUESTION 7

From the perspective of an exporter, which of these payment methods is the most secure?

a. Bill for collection

b. Open account

c. Letter of credit

**d. Advance payment**

QUESTION 8

Which of the following is correct about incoterms FCA plus Freight?

a. CPT

**b. CIP**

c. FOB

d. FAS

QUESTION 9

Which of the following is true about advance payment?

a. All of the above

b. Ideal for internet-based business

c. Recommended for high risk trade relationship

**d. Elimination of non-payment risk**

QUESTION 10

Which of the following is the first stage in the letter of credit cycle?

a. Termination

b. Payment

**c. Drafting**

d. Issuance

QUESTION 11

Import finance options include the following except?

a. Equipment leasing

b. Asset based line of credit

**c. None of the options**

d. Purchase order financing

QUESTION 12

The following are import trade customers challenges except?

a. Delays

**b. None of the options**

c. Demurrage

d. Discrepancies

QUESTION 13

Demand guarantee and standby letter of credit are:

a. All of the options

**b. Functionally similar**

c. Structurally similar

d. Functionally different

QUESTION 14

Which of the following is correct about incoterms FOB plus Freight?

a. FOB

b. CIF

c. FAS

**d. CFR**

QUESTION 15

Which of the following is not a commercial risk?

a. Legal issue

**b. Civil war**

c. None of the options

d. FX hedging

QUESTION 16

Which of the following incoterms extends exporter's risks to destination?

a. DAP

b. DAT

**c. DDP**

d. All of the options

QUESTION 17

Trade fraud can be avoided through which of the following?

a. Collateral management

**b. All of the options**

c. Pre-shipment inspection

d. Due diligence

QUESTION 18

Which of the following can help to reduce fraud in export trade?

a. Quality Inspection

b. Insurance

**c. Letter of credit**

d. Pre-shipment inspection

QUESTION 19

Which of the following is Incoterms involves insurance payment?

a. FOB

b. FAS

**c. CIF**

d. CFR

QUESTION 20

Transferable letter of different differs from back to back letter of credit based on which of the following?

a. Place of LC

b. Type of LC

c. Date of LC

**d. Number of LC**

QUESTION 21

Which of the following risk can be mitigated by confirmed letter of credit?

**a. All of the options**

b. Legal risk

c. Political risk

d. Economic risk

QUESTION 22

Sea and air transport risks can be mitigated using:

**a. Marine insurance**

b. Bill of lading record

c. FX hedging

d. Inspection

QUESTION 23

Which of the following is true about the number of stages in letter of credit cycle?

a. 5

**b. 7**

c. 3

d. 6

QUESTION 24

Shipping documents are said to be discrepant if it does not conform to:

a. Letter of credit terms

b. UCP600 rules

c. ISBP rules

**d. All of the options**

QUESTION 25

Red clause and green clause letter of credit are functional similar and structurally different

**a. True**

b. False

QUESTION 26

Country risk in export business can be mitigated using which of the following:

a. FX Hedging

b. Marine insurance

**c. Confirmed letter of credit**

d. Letter of credit

QUESTION 27

Which of the following types of letter of credit allows for advance payment?

a. Confirmed

b. Transferable

**c. Red clause**

d. Usance

QUESTION 28

The rules is used as a guide in letter of credit transactions is:

a. URC

b. ISP

c. URDG

**d. UCP**

QUESTION 29

Advantage of letter of credit to a buyer include the following except:

a. Stipulate required document

b. Stipulate shipment date

**c. None of the options**

d. Agree deferred payment

QUESTION 30

Which of the following is not an advantage of letter of credit to exporters?

a. Payment is assured

b. It is irrevocable

**c. None of the options**

d. Double obligations possible

QUESTION 31

Letter of credit is a cheque and confirm letter of credit is a draft

**a. False**

b. True

QUESTION 32

Letter of credit can be used as a tool for fraud because:

a. Bank deals in both goods and documents

**b. Bank deals in documents and not in goods**

c. None of the options

d. Bank deals in goods and not in documents

QUESTION 33

Which of the following can be used to mitigate payment risks in open account trading?

a. Export Credit Insurance

b. Sales contract

c. Marine Insurance

**d. All of the options**

QUESTION 34

Which of the following dates determines the deadline for document presentation?

a. Maturity date

**b. Expiry date**

c. Issuance date

d. Latest date of shipment

QUESTION 35

The bank that gives undertaking in letter of credit transactions is called?

a. Advising Bank

**b. Issuing Bank**

c. Reimbursing Bank

d. Nominated Bank

QUESTION 36

Which of the following is true about open account?

**a. All of the above**

b. Boost competitiveness

c. Establish new relationship

d. Exposed to payment risks

QUESTION 37

Entreport involve which of the following?

a. Import leg

b. Export leg

c.Processing

**d. All of the options**

QUESTION 38

Which of the following is a means of mitigating the effect of damage goods in import trade?

**a. All of the options**

b. Using government inspection processes

c. Marine insurance

d. Pre-shipment inspection

QUESTION 39

Which of the following is the most trade products in the world in 2019?

a. Integrated circuit

b. Natural Gas

c. Vehicle

**d. Crude Oil**

QUESTION 40

Payment diversion risk is possible in which of the following payment?

a. Advance payment

b. Confirmed letter of credit

c. Letter of credit

**d. Open account**