



## TRADE FINANCE AND TRADE-BASED MONEY LAUNDERING

### Course Syllabus

Although international trade is a major driver of global economic growth, it is also a tool criminals exploit to commit various financial crimes. These trade-based financial crimes (TBFC) include trade-based money laundering (TBML), tax evasion, sanctions evasion, trade-based financing of terrorism, trade-based financing of weapons of mass destruction, and wildlife trafficking.

Our course, *Trade Finance and Trade-Based Money Laundering (TBML)*, provides an introduction to international trade and trade finance products. It delves into the financial crime risk associated with certain trade customers, jurisdictions, products, and channels. It discusses the different strategies and typologies of TBFC, and also covers international guidance and controls for combatting TBFC. Taking this course will help you to detect, mitigate and prevent the risk of TBFC and safeguard your organization.

This course is suitable for anyone looking to understand trade finance and trade-based money laundering.

**Course topics:**

- Fundamental concepts of trade and common trade finance products
- Trade-based financial crime risk associated with customers, jurisdictions, products, and channels
- Common trade-based financial crime typologies
- Key sources of guidance and controls for combatting trade-based financial crime

**Course structure:**

- Online and self-paced
- Four hours of coursework
- Four weeks to complete
- 20-question final assessment

The minimum passing score is 80% and multiple attempts are allowed. When you pass, you'll receive an online certificate and earn four ACAMS credits.

## **Technical requirements:**

The course is compatible with most operating systems and browsers. The ACAMS learning management system (LMS) can be accessed at [learn.acams.org](https://learn.acams.org). If your access to our LMS portal is blocked, please contact your organization's IT department for assistance.

## **Course Content:**

### **1. Trade finance**

#### **Introduction**

- Setup: shipping shoes without getting shorted
- What would you do?
- Feedback
- Learning objectives

#### **Introduction to trade**

- Trade
- Trade routes and the geographic location of goods
  - o Case example: Delhi Fertilizers Ltd.
- Parties involved in a trade transaction
- Delivery of trade goods
- Payment for trade goods
  - o Case example: Basho Noodle Company
- International Commercial Terms
  - o Case example: Elender Cove Trading

#### **Trade finance products**

- Trade finance
- Trade loan
  - o Case example: Quayside Wooden Boats
- Documentary credit and documentary collection
- Standby letter of credit
  - o Case example: Treetops Distribution
- Buyer and supplier financing
- Syndicated trade loan
- Trade loan between financial institutions
- Trade loan between a bank and a non-bank FI

#### **Review questions**

## **2. Trade-based financial crime risk**

### **Introduction**

- Setup: overpriced cars and shady shell companies
- What would you do?
- Feedback
- Learning objectives

### **Financial crime risk**

- Categories of risk: customer, jurisdiction, product, channel
- Trade-based financial crime risk

### **Trade customer risk**

- Military organization and goods risk
- Money services business risk
- Cash-intensive business risk
- Politically exposed person risk
- Charity and NGO risk
- Gatekeeper risk
- Correspondent banking risk
- Shell company risk

### **Trade jurisdiction risk**

- Trade jurisdiction risk
  - o Case example: Turtle Bay Trading Limited

### **Trade product risk**

- Dual-use goods risk
- High-value asset risk
  - o Case example: Apex Diamonds

### **Trade channel risk**

- Reseller risk
- E-commerce risk
- Wire transfer risk

### **Review questions**

### **3. Trade-based financial crime typologies**

#### **Introduction**

- Setup: Zhongwant Holdings Limited
- What would you do?
- Feedback
- Learning objectives

#### **Introduction to trade-based financial crime**

- Trade-based financial crime
- Consequences of financial crime

#### **Trade-based money laundering**

- Trade-based money laundering
  - o Case example: Operation Polar Cap
- Falsification of product price
- Falsification of product quantity
- Falsification of product quality
- Document manipulation for financial crime
- Trade diversion U-boating

#### **Tax evasion**

- Trade-based tax evasion
- Trade-based value-added tax evasion

#### **Sanctions evasion**

- Trade sanctions, including arms embargoes
- Sanctions evasion techniques: trade-based
- Transshipment
- Switching cargo on the open sea

#### **Other trade-based financial crimes**

- Trade-based financing of terrorism
- Trade-based financing of weapons of mass destruction
- Wildlife trafficking

#### **Review questions**

## **4. Guidance and controls for combatting trade-based financial crime**

### **Introduction**

- Setup: a company's strange purchase
- What would you do?
- Feedback
- Learning objectives

### **Guidance and regulations for combatting trade-based financial crime**

- Guidance for combatting trade-based financial crime
- Trade finance principles
- Export control systems
  - Case example: Hajavi and the Iranian shipments

### **Trade-based financial crime controls**

- KYC is intended to manage risk
- Trade activity screening
  - Case example: Brazilian corn and an unexpected customer
- Trade cost awareness
  - Case example: Golden Panda Paper Products
- Digitalization of trade documents
  - Case example: Corda blockchain trade finance transactions
- Artificial intelligence and machine learning
  - Case example: new approach to transaction monitoring
- Network analysis in AFC investigations
- Switching cargo on the open sea
  - Case example: DPRK sanctions evasion
- Trade-based value-added tax evasion
  - Case example: multijurisdictional carousel fraud scheme
- E-commerce risk
  - Case example: Chinese e-commerce sites and online gambling

### **Review questions**

## **5. Conclusion**