LIBF

LIBF Level 4
Certificate in International Trade Risk (CITR)

Qualification specification

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Contents

Purpose of the qualification

Why study the Level 4 Certificate in International Trade Risk (CITR)?

The Level 4 Certificate in International Trade Risk (CITR) has been designed to provide you with a thorough understanding of international trade risks, including risks associated with financing importers and exporters, risk profiling within settlement methods and trade risk mitigation.

CITR will help you develop the appropriate technical knowledge and skills to address a wide range of risk-related scenarios within your workplace. The qualification provides a core understanding of the terminology, roles, responsibilities and products that underpin international trade finance, as well as developing your understanding of trade risks. You will learn how to analyse and mitigate a wide range of risks, the impact of risks on different trading parties, settlement methods and their risk implications, as well as the security options available to banks.

Objective and key content areas

CITR develops your understanding of the main principles associated with international trade risk and harnesses your ability to analyse trade risks.

Throughout the programme, you will:

- gain a comprehensive understanding of the different risks within international trade finance;
- dive into the risk profiles of different methods of trade finance settlement;
- explore the relationship between clients' credit quality and transactional structure in defining risk;
- discover the different transactional risks and product risk considerations and
- uncover the key risk mitigation strategies.

Key skills developed

The qualification will encourage you to:

- understand the different risks involved in financing international trade and how these impact on the various parties involved in international trade transactions;
- develop an understanding of terminology, methods and practices of international trade risk;

- evaluate the risk profiles of different methods of settlement for financing international trade and apply these in a variety of scenarios;
- understand and analyse different options for risk mitigation in international trade finance;
- understand the key risk areas and ascertain appropriate finance structures and acceptable risk mitigants; and
- increase your ability to work and learn independently.

Structure

CITR is made up of **two mandatory units** that need to be completed for you to achieve the certificate:

The detailed unit syllabuses are available in Appendices 1 and 2 of this document and the latest versions are always available through our course website.

Qualification delivery

Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time a student with no prior knowledge might need to complete the course.

TQT consists of two elements, Guided Learning (GL) and all other hours:

- Guided Learning (GL) comprises study time under direct teacher supervision, encompassing instructional sessions and supervised examinations.
- All other hours include hours spent unsupervised in research, learning, e-learning, e-assessment, completing coursework, exam preparation, and formal assessments.

CITR is primarily considered as a distance learning qualification with on-demand examination sessions.

Guided Learning Hours	2 hours
Other hours	128 hours
Total Qualification Time	130 hours

Assessment

The units are assessed through a single two-hour examination consisting of a combination of multiple-choice questions (Part A) and case study exercises (Part B). A total of 100 marks are available in the examination, in which you will be assessed on all areas of the syllabuses. The pass mark for the examination is 70%.

i. The assessment will have two components:
   a. Part A – 60 standalone multiple-choice questions (MCQs). This component of the examination is worth 60 marks.
   b. Part B – 8 case studies each with 5 attached multiple-choice questions (MCQs). This component of the examination is worth 40 marks.
   c. The examination will be worth a total of 100 marks.

ii. To achieve an overall pass, you must achieve a mark of 70% overall.

Preparing for the assessment

Examinations are sat electronically at any of the Pearson VUE test venues worldwide. You must be registered to sit an examination at a test venue of your choosing (subject to demand/availability); this is managed by you. It is recommended that you book your exam three weeks in advance of the date you wish to sit. However, subject to availability, an examination can be booked as little as two working days in advance. Examinations can be booked via the Pearson VUE website or by phone.

To prepare for the assessment you should make use of all learning resources as part of your revision for the exam.

Qualification grading

The overall qualification will be graded Pass/Fail. You must achieve a mark of 70% overall. The qualification grade boundaries are as follows:

Grade	Mark
Pass	70–100%

Resit attempts

The qualification has a 12-month registration period. Within that time, if you are unsuccessful in your first attempt at the assessment, you will have the opportunity to resit upon payment of the appropriate fee. Please contact LIBF or your nearest LIBF representative office to discuss resit attempts further. There are no restrictions on the number of times you can resit a unit, although each resit will require payment of the appropriate fee. Full terms and conditions are available on the website.

Additional information

Entry requirements

As this qualification builds on the knowledge and skills developed within the LIBF Level 3 Certificate in International Trade and Finance (CITF), you must either hold CITF or complete and pass a free diagnostic assessment to assess your suitability for the programme. The diagnostic will be available on our website. You will also need to be satisfied of your ability to study in English at Level 4.

Recognition of prior learning (RPL)

LIBF recognises prior learning in different forms. Potentially, this means that you may not be required to register for every unit. Details of how to apply for recognition of prior learning are available on our website.

Progression and preparation for further study

While not a requirement for registration, if you have completed CITR you will have developed appropriate knowledge and skills to support your progression to study our other Trade Finance qualifications.

CITR can also contribute towards attaining our Diploma for Qualified Trade Finance Specialists (QTFS), which can be obtained by completing a combination* of the following qualifications:

- L3 Certificate in International Trade and Finance (CITF) or L3 Certificate in Principles of Payments (CertPAY); plus
- L4 Certificate for Documentary Credit Specialists (CDCS) or L4 Certificate for Specialists in Demand Guarantees (CSDG); plus
- L4 Certificate in Trade Finance Compliance (CTFC), L4 Certificate in Supply Chain Finance (CSCF) or L4 Certificate in International Trade Risk (CITR).

*Alternatively, you may choose to complete three L4 certificates listed above. For more information, please visit our website.

Professional recertification

When you have successfully completed the CITR qualification, the CITR designation remains valid for three years. To retain the designation after this period, you are required to either complete continuing professional development (CPD) in order to recertify, or re-take and pass the examination. You will be required to submit **36** CPD Learning hours / PDUs to recertify successfully.

The recertification programme allows you to demonstrate how you have carried out learning activities which have enhanced your prior knowledge and skills in the area of International Trade Finance. Such activities include participation in events such as workshops; courses; seminars; webinars as well as e-learning and self-directed research. CPD is vital in ensuring your knowledge of International Trade Finance is always up to date. More information about the recertification programme can be found on the website.

Preparation for employment

This qualification develops knowledge and understanding of trade and transaction banking, although it does not qualify you for direct entry to a particular occupational role.

Appendices

Appendix 1 – Unit 1 International Trade Risk (ITR)

This section provides information about the International Trade Risk (ITR) unit, including syllabus content, learning outcomes and assessment criteria.

- Credits: 6
- Total unit study time: 64

Learning outcomes, assessment criteria and indicative content

Learning outcome (LO) The learner when awarded credit for this unit will:	**Assessment criteria (AC)** Assessment of the LOs will require a learner to demonstrate that they can:	**Indicative content**
LO1: Evaluate the nature and complexity of risk in international trade finance.	1.1 Explain the different risks associated with the financing of exporters and importers in international trade.	Risk faced by exporters and importers • Credit risk • Performance risk • Industry/economic risk • Political/country risk • Sovereign risk • Foreign exchange risk • Documentation risk • Commercial risk (counterparty) • Transport and logistics risk • Market risk • Legal and regulatory risk • Trade-based Financial Crime Compliance (FCC) • Administration risk • Compliance with a bank's own policies • Environmental, social and governance (ESG), provenance and standards risk • Operational risk • Reputational risk • Price risk • FX/interest rate risk (hedging) • Manufacturing risk • Cyber risk

		• Technological risks • Trade fraud risk • KYC risk • Sanctions and Trade-Based Money Laundering (TBML) Risks faced by banks • All risks faced by a client also translate into risk to the bank • Credit risk • Foreign exchange risk • Liquidity risk • Counterparty risk • Regulatory and compliance risk • Systems risk
	1.2 Identify the differences between high risk and low risk.	• Definition of risk in transactions • Definition of uncertainty in transactions • Risk distribution in trade finance • Factors influencing high- or low-risk categorisation • How the extent of risk is measured (eg probability of risk event and consequences of risk event)
	1.3 Identify the impact of different risks on various parties.	• Risks that impact on particular parties • Pre- and post-shipment risk

	1.4 Explain how risk distribution can mitigate risk and address liquidity challenges.	
	1.5 Examine the role of correspondent banks.	• How financial institutions (FIs) are used to mitigate or transfer risk • How FI risk is incurred and managed • The relationship between FI risk and country risk
LO2: Investigate risk profiling within settlement methods of international trade finance.	2.1 Identify the risk profiles of different methods of settlement for financing international trade.	• Risk ladder • Different importer/exporter risks • Factors influencing risk profile
	2.2 Compare and contrast the risk profiles of different methods of settlement for financing international trade.	• Understand how risk may be mitigated using trade finance instruments • Understand how risk may be mitigated by means other than bank products
	2.3 Explain the transactional nature of international trade.	• General trading ○ Short term ○ Small (average size relative to facility) ○ Self-liquidating ○ Specific ○ Selective ○ Secured • Commodity trading ○ Sources of commodity trading disputes ○ Lower volume/higher value ○ Counterparty/intermediary risk ○ Higher country/political risk ○ Dual use goods/compliance risk

Appendix 2 – Unit 2 Trade Risk Analysis and Mitigation (TRM)

This section provides information about the Trade Risk Analysis and Mitigation (TRM) unit, including syllabus content, learning outcomes and assessment criteria.

- Credits: 7
- Total unit study time: 66

Learning outcomes, assessment criteria and indicative content

LO3: Analyse credit assessments of international trade transactions.	3.1 Determine the relationship between the underlying credit quality of the client and the risks associated with the transactions.	• Credit assessment of the client
		  ○ Its purpose relative to trade finance
		  ○ Key elements to be considered
		• Risks inherent in the transaction flow
		• Benefits of risk mitigation

	3.2 Evaluate different transactional risks.	• Non-credit criteria/risks • Performance risk • Country risk (political and economic) • Price risk • Exchange rate risk • Market risks • Documentation risk • Transportation risk

	3.3 Evaluate different product risk considerations.	• Risk mitigation-driven instruments
		  ○ Documentary collection
		  ○ Documentary credits/standby letters of credit (SBLC)
		
		• Credit insurance guarantees and finance-driven Instruments
		  ○ Asset-based lending/Trade loans
		  ○ Documentary credits financing
		  ○ Documentary collections
		  ○ Receivables finance
		  ○ Forfaiting
		  ○ Payables finance

		○ Inventory finance ○ Post-import finance ○ Pre-shipment finance • Risks faced by finance provider due to client actions ○ Goods sold during usance collection period ○ Double financing (usance/receivables) ○ Failure to match trade finance facilities with underlying trade cycle
	3.4 Identify security (collateral) options in international trade	• Understand documents of title • Constructive possession • Control of goods ○ Pledge ○ Physical ○ Nature of goods (marketable, perishable, etc) • Hypothecation
LO4: Assess the key mitigants of international trade credit risk.	4.1 Analyse principal options for banks to mitigate credit risks in international trade financing.	• Management competence • Track record • Know your customer (KYC)/ customer due diligence (CDD) • Indicators of trade-based crimes • Products • Checks and balances
	4.2 Analyse the key mitigants of monitoring and control.	• Monitoring and control (operational/transactional) ○ Transaction verification ○ Credit limit management

		○ Compliance and documentation ○ Payment monitoring ○ Risk assessment and analysis ○ Establishing control mechanisms ○ Communication and reporting
	4.3 Determine options available to exporters/importers to mitigate risk.	• Credit reference agencies • Insurance • Export guarantee support • Banking products
	4.4 Determine options available to banks to mitigate risk for themselves and for clients.	• When creating trade obligations: ○ Standby letters of credit (SBLC) ○ Credit insurance ○ Bank guarantees ○ Credit assessment ○ Credit limits ○ Collateral ○ Documentation and compliance checks ○ Currency risk management • Applicable to traders (Importers and exporters) ○ Collateral requirements ○ Margin calls ○ Credit limits ○ Stop-loss orders ○ Regulatory compliance ○ Export credit agencies ○ Risk distribution