International Banking and Trade Finance
School of Business Studies, IBA Karachi

Program:	BSAF, BBA
Department Offering:	Finance
Class ERP Number:	100805
Faculty:	Dr. Noureen Ayaz

Class details	
Class Timing and Room	10:00 am – 11:15 am
Session Days	Monday - Wednesday
Credit Hours:	03 Credit Hours
Email	nayaz@iba.edu.pk
Contact #	(021) 38104701

Course Description

This course examines the theoretical foundations and practical mechanisms of international trade, as well as the banking systems that support cross-border transactions. It integrates international trade theory with trade-oriented banking operations to provide a holistic understanding of global trade finance. The course introduces the trade cycle and explains how banks facilitate international payments, settlements, and financing. Key trade finance instruments, including letters of credit, documentary collections, guarantees, and export credit facilities, are analyzed in detail. Students develop an understanding of foreign exchange markets and currency risk arising from international trade transactions. The course also covers trade documentation, international commercial rules, and compliance requirements governing global trade finance. Risk management techniques related to credit, country, settlement, and operational risks are examined from both trade and banking perspectives. Regulatory frameworks, including anti-money laundering and sanctions compliance, are discussed in the context of international banking and trade. Emerging trends such as digital trade finance, electronic documentation, and technology-enabled trade platforms are explored. Case studies are used throughout the course to link theory with real-world trade and banking practices. Topics such as Anti-Money Laundering (AML), Know Your Customer (KYC), Sanctions, and their impact on international banking operations and implications for local businesses will be discussed. Case studies and examples tailored to the Pakistani context will illustrate key concepts and challenges faced by banks and businesses.

BSAF/ BBA Program Learning Goals

1. Communication Skill
Students will develop into effective speakers, listeners, writers, and team members.

2. Knowledge of All Business Disciplines
Students will acquire a broad understanding of various business disciplines.

3. Critical Thinking
Students will learn to classify, analyze, and evaluate available data using appropriate techniques for effective decision-making.

4. Ethics
Students will develop awareness and understanding of ethical issues.

5. Mindset
Students will focus on global connections within local contexts by developing awareness of diversity across cultures and markets.

Course Learning Outcomes (CLOs)
1. Students will be able to demonstrate an understanding of international correspondent banking principles, trade finance instruments, and risk management strategies. 2. Students will have the ability to understand the impact of foreign policy and geopolitics on a country's economy particularly on the banking and corporate sector. 3. Students will be able to evaluate the impact of regulatory compliance requirements, sanctions, and cross-border payment mechanisms on international banking operations. 4. Students will develop an understanding of International Banking operations and the impact of globalization on the local business environment. 5. Develop critical thinking, problem-solving, and communication skills through class discussions, presentations, and case study analyses. 6. Students will be able to derive meaning from and comment on local and international news regarding cross-border financial systems.

AOL Assessment Mapping
PLG mapped: The course is mapped with BSAF/ BBA program learning goal LG5 and Program learning objective LG503 **Assessment Tool**: Quiz (Quiz 2)

Teaching and Learning Methodology
1. Students are required to read the topic before the lecture. 2. The course assignment is a written report on a topic of interest. 3. Lecture presentations will be uploaded on the Learning Management System (LMS). 4. Unannounced quizzes will be taken to gauge student progress.

Course Learning Outcomes mapped to Program Learning Outcomes						
Program Learning Goals		**Communication Skills**	**Knowledge of All Business Disciplines**	**Critical Thinking**	**Ethics**	**Glocal Mindset**
Course Learning Outcomes						
1			X		X	X
2			X	X	X	X
3			X		X	X
4			X			X
5			X	X		
6		X	X	X		X

S. no	Reading	Mapping to Course Learning Outcomes	Session Topic	Relevant Book / Chapter / Document
1	Introduction to International Trade and Banking	CL01	Meaning and Scope of International Trade Trade Cycle and Cross-Border Transactions Role of Banks in International Trade: Link between Trade, Finance, and Banking Case Study: How global banks facilitate Apple's international supply chain	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) Anders Grath (2016), The Handbook of International Trade and Finance, Introduction & Ch. 1 Supplementary: Trade Finance – Beginner's Guide (DGFT)
2	Fundamentals of Trade-Oriented Banking	CL01	Basics of Banking Operations in Trade Trade-Related Banking Products and Services Role of Banks in Payments and Settlements Banking Support for Importers and Exporters Case Study: Banking support for SME exporters in emerging markets	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) Anders Grath (2016), Ch. 1–2 Supplementary: Deutsche Bank, A Guide to Trade Finance, Ch. 1 International banking.pdf
3	Correspondent Banking and Trade Payment Systems	CL02	Definition and Significance of Correspondent Banking Nostro and Vostro Accounts SWIFT (Society for Worldwide Interbank Financial Telecommunication) International Clearing and Settlement Systems Case Study: Breakdown of a cross-border payment due to correspondent banking failure	Menzie D. Chinn & Douglas A. Irw (2025), International Trade (selecte chapters) Anders Grath (2016), Ch. 2 Supplementary: International Banking – FDIC Man Trade Finance – Beginner's Guide (DGFT)
4	Foreign Exchange Markets and Trade Transactions	CL04	Introduction to Foreign Exchange Markets Exchange Rate Determination and Quotations FX Exposure in Import and Export Trade Managing Foreign Exchange Risk in Trade Case Study: Currency depreciation impact on an exporter's profit margin	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) Anders Grath (2016), Ch. 4 Supplementary: Deutsche Bank, Ch. 8 Trade Finance – Beginner's Guide (DGFT)
5	International Trade Finance Instruments	CL04	Trade Finance Instruments Overview Letters of Credit (LCs) Documentary Collections (DCs) Bank Guarantees and Standby Letters of Credit Case Study: Use of Letter of Credit in a high-risk country trade transaction	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) Anders Grath (2016), Ch. 2–3 Supplementary: • Deutsche Bank, Ch. 2 • Trade Finance – Beginner's Guide (DGFT)

6	Trade Finance Documentation and Processes	CL04	Commercial, Financial, and Transport Documents Role of the International Chamber of Commerce (ICC) UCP, URC, and URDG Rules Trade Finance Workflow Case Study: Documentary discrepancies and resolution	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) • Anders Grath (2016), Ch. 2 & 9 Supplementary: • Deutsche Bank, Ch. 2.8 • Trade Finance – Beginner's Guide (DGFT)
7	Risk Management in International Trade and Banking	CL05	Commercial and Credit Risk in Trade Country and Political Risk Settlement and Operational Risk Role of Banks in Trade Risk Mitigation Case Study: Country risk exposure during political instability	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) • Anders Grath (2016), Ch. 1 & 4 Supplementary: • International Banking – FDIC Manual • Trade Finance – Beginner's Guide (DGFT)
8	Export Credit, Insurance, and Structured Trade Finance	CL05	Export Credit Agencies (ECAs) Export Credit Insurance Pre-shipment and Post-shipment Finance Supply Chain Finance and Structured Trade Finance Case Study: ECA-backed financing for infrastructure exports	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) • Anders Grath (2016), Ch. 5–7 Supplementary: • Trade Finance Global Guide • Trade Finance – Beginner's Guide (DGFT)
9	Regulatory Compliance in International Banking and Trade	CL03	Anti-Money Laundering (AML) Regulations Know Your Customer (KYC) Requirements International Sanctions and Trade Controls Compliance Challenges in Trade Finance Case Study: Sanctions-related trade finance transaction rejection Activity: Review of Wolfsberg Questionnaire	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade (selected chapters) • Anders Grath (2016), Ch. 10 (Governance & Compliance) Supplementary: • International Banking – FDIC Manual • Deutsche Bank, Ch. 11
10	Digitalization and Future of International Trade Finance	CL06	Electronic Trade Documents Digital Trade Platforms and Blockchain Sustainable Trade Finance Emerging Trends in International Banking and Trade Case Study: Blockchain-based Letter of Credit pilot project	Menzie D. Chinn & Douglas A. Irwin (2025), International Trade • Anders Grath (2016), Ch. 9 Supplementary: • Deutsche Bank, Ch. 9, 10 & 12 • Trade Finance – Beginner's Guide (DGFT)

Text Book and Pre-Course Reading Material, Important Dates.

Textbooks

- International Trade – Menzie D. Chinn and Douglas A. Irwin (April 2025)
- The Handbook of International Trade and Finance (Latest Edition) – Anders Grath

Recommended Reading Material:

- Uniform Customs and Practice for Documentary Credits (UCP 600)
- Financial Action Task Force (FATF) 40 Recommendations

- Students are encouraged to follow Industry developments from the Banker's Association for Finance and Trade (BAFT), SIBOS as well as other forums that will be shared from time to time.
- Websites: International Monetary Fund (IMF), World Trade Organization (WTO), Financial Action Task Force (FATF), US Treasury and OFAC Websites
- Local and international financial news websites may be recommended to students.

Prerequisite Skills and Knowledge to take this Course
FIN 201

Assessments and Grading Scheme

Assessment	Due Date	Remarks
Participation	Ongoing	Awarded based on relevant contribution to class discussion
Presentation	Ongoing	Group presentation demonstrating the linkage between course topics with industry
Quizzes	Ongoing	There will be quizzes tailored after each learning module
Written Report	End of semester	Marks based on (1) Linkage to modules (2) Creativity of topic (3) Subject matter
Midterm Exam	Exam Weeks	Includes modules covered
Final Exam	Exam Weeks	Includes all modules of the course

Marks Distribution

Marks Head	Total Frequency	Total Exempted	Marks /Frequency	Total Marks /Head
Midterm Exam	1	0	25	25
Final Exam	1	0	35	35
Participation	28	0	05	05
Presentation	1	0	05	05
Quizzes	4	0	2.5	10
Assignments	4	0	2.5	10
Written Report	1	0	10	10
Total Marks				**100**

Comments and/or Suggestions

- Since subsequent topics build on previously learned material, it is imperative that students keep up with the material. In addition, you should ensure that lectures are understood properly.
- A student who misses a class is responsible for obtaining any handouts and information on course content, assignments, due dates, test dates, etc.

- Unethical behavior (cheating, plagiarism, proxy attendance) will be strictly penalized.

Technology & Innovation
• All course materials will be posted on LMS and grades will be posted on ERP. Students are responsible for staying updated on these platforms. • We may also be leveraging educational YouTube videos to prepare some foundational knowledge before some of the lectures. These will be communicated to you before lectures where required.

Experiential Learning Exposure(s)
Students will have an experience of a firsthand review of international trade registries, sanctions databases, and AML regulations.

Social Contribution / Impact
The course explores the societal impact of international banking and trade on economic development, financial inclusion, and global stability. Assessments emphasize responsible cross-border finance and trade facilitation, aligning with SDG 8 (Decent Work and Economic Growth) **and** SDG 17 (Partnerships for the Goals)**.**

Academic Conduct
IBA policy
Attendance Policy
IBA policy 5 absences allowed for full-time students and 7 for part-time students
Plagiarism Policy
IBA policy
Withdrawal Policy
IBA policy