



SYLLABUS

I. GENERAL DATA

1.1. Subject	: BANKING AND INSURANCE
1.2. Code	: NG02803
1.3. Academic Cycle	: VIII
1.4. Credits	: 03
1.5. Nature of the course	: Obligatory
1.6. Weekly hours	: 4 (2 Teoría - 2 Práctica)
1.7. Requirement	: Financial Administration II
1.8. Curriculum	: 2006-II

II. COURSE HIGHLIGHTS

The course presents the basic insights of banking and trade finance theory, emphasizing the application of theory to real business decisions. Each session involves class discussion, some centered on lectures and others around business cases.

III. COURSE OBJECTIVE

The objective of this course is to learn the trade financial tools needed to make good business decisions. The emphasis will be on linking trade finance to other aspects of corporate strategy. There are five modules to be developed during the semester:

1. The banking system.
2. Methods of payment on international trade.
3. Tools and sources for trade finance.
4. Complementary trade finance tools.
5. Guarantees and insurance on international trade.

IV. COURSE LEARNING OBJECTIVES

- To review all basics insights of international trade emphasizing on international sales contracts, INCOTERMS and transports, as well as the related documentation.
- To learn all basics insights of banking business focusing on Peruvian and international banking.
- To identify and to handle international methods of payment: types, costs and structures.
- To identify and to handle both local and international sources for trade finance including traditional and non traditional modalities.
- To identify and to handle guarantees and insurance methods as well as other tools used on international trade.

V. LEARNING SCHEME.



VI. LEARNING UNITS

UNIT I: INTRODUCTION TO THE BANKING SYSTEM

Main objective: At the end of this unit, student will be able to completely understand the tight relation between theory learned on previous courses and its application to real business decisions.

Total hours: 8

<i>ITEMS</i>	<i>ACTIVITIES</i>	<i>WEEK</i>
Introductory class. The Peruvian banking system. Financial intermediation. Regulating organisms. The banking business. Risk evaluation.		
Main currencies. Interest rates. International interest rates. LIBOR. The international banking. First class banks. International organizations.	Theory: approximately 40% of the session. Cases, presentations and readings to be developed in groups.	1st & 2nd
Risks on international trade. The purchasing and selling process. The international sales contract. The Vienna Convention (CISG). International transport and transport insurance. INCOTERMS 2000. International trade documentation.		



UNIT II: METHODS OF PAYMENT ON INTERNATIONAL TRADE

Main objective: At the end of this unit, students will be able to completely understand the basic concepts regarding trade finance.

Total hours: 24

<i>ITEMS</i>	<i>ACTIVITIES</i>	<i>WEEK</i>
Introduction to methods of payment. The SWIFT system. Related documentation.	Theory: approximately 40% of the session. Cases, presentations and readings to be developed in groups.	3rd to 6th
Letters of credit (L/C). UCP 600. International and domestic. Main advantages for importers and exporters. Documentary analysis. Discrepancies. Types of letters of credit. Letter of credit payment terms. Advised and confirmed letters of credit. Cases.		
Special letters of credit: Transferable L/Cs, Back to Back L/Cs, Red and Green Clauses, Stand By L/Cs. Main differences between Stand By L/Cs and Commercial L/Cs. Types of stand by L/Cs. Revolving letters of credit. Cases		
Documentary collections. ICC 522. Payment terms. Bank role on documentary collections. Main advantages and disadvantages. Document analysis The open account. Cases.		

WEEK 7th: MID-TERM EXAM

UNIT III: TOOLS AND SOURCES FOR TRADE FINANCE

Main objective: At the end of this unit, students will be able to understand the relation between international trade and trade finance tools. This includes identifying sources to obtain funds and its costs. Finally, they will be able to develop trade finance structures as well as to adequate them to business situations on international trade.

Total Hours: 8

<i>ITEMS</i>	<i>ACTIVITIES</i>	<i>WEEK</i>
Trade finance. Short and long financing. Advance accounts for exports and imports. International documents purchase. Factoring and forfeiting. Cases.	Theory: approximately 40% of the session. Cases, presentations and readings to be developed in groups.	8th & 9th
COFIDE trade finance lines of credit and programs. Foreign trade finance sources. Credit agencies: EXIMBANK, PROEX.		



UNIT IV: COMPLEMENTARY TRADE FINANCE TOOLS

Main objective: At the end of this unit, students will be able to use complementary trade finance tools. Also they will learn to identify and to calculate total costs related to all these tools.

Total hours: 12

<i>ITEMS</i>	<i>ACTIVITIES</i>	<i>WEEK</i>
Complementary trade finance tools. Direct Collection. Sepymex. Standardized financial products. Non banking finance tools.	Theory: approximately 40% of the session. Cases, presentations and readings to be developed in groups.	10th to 12th
Forwards. Leasing. Cases.		

UNIT V: GUARANTEES AND INSURANCES

Main objective: At the end of this unit, students will be able to prepare and structure a complete financial proposal for small, medium and big corporate, linking international trade theory and its application on trade finance.

N° Hours: 12

<i>ITEM</i>	<i>ACTIVITIES</i>	<i>WEEK</i>
Trade finance guarantees. Types of guarantees. Warrants and warehouses. Cases.	Theory: approximately 40% of the session. Cases, presentations and readings to be developed in groups.	13th to 15th
Insurance for imports logistics. Electronic warrant. Trade finance insurance. FOGAPI, SECREX. Cases		

WEEK 16th: FINAL EXAM

VII. TEACHING METHODS

In this course basic insights of trade finance theory will be presented, but emphasize the application of theory to real business decisions. Each session will involve class discussion. In some instances, discussion will be centered on lectures; in others it will be centered on a business case. Student participation is critical to the success of the course. Students are expected to read all papers and cases, attend to class, and to participate in class discussion.

Additionally, during the course, the students will prepare 2 assignments (*):

1. A written and oral presentation related with international trade topics previously provided by the teacher.
2. A simulation for an export/import process focused on trade finance. Papers might be later published as business cases.

(*) Notice: Students are required to work in teams of no more than three. Teams with less than three people are strongly discouraged. Only one paper need be handed in for a given group.



Finally, during the course, weekly reading assignments will be assigned. Lectures and discussion will assume familiarity with the assigned readings. Students should be aware that quick written exams may be taken in every class in response to the dynamics of the course.

VIII. GRADING

There are 3 distinct components to grading that add up to 100% as indicated below

ACTIVITY	%
Case / Readings write-ups Students should form teams of 3 and hand-in a single write-up per team. <ul style="list-style-type: none">• Write-ups for readings are due on the first day that they are discussed in the beginning of the class (make copies to refer to during the class).• Write-ups for cases are due for the next that they are discussed in the beginning of the class (make copies to refer to during the class).	25%
Assignments <ul style="list-style-type: none">• A written and oral presentation related with international trade topics previously provided by the teacher.• A simulation for an export/import process focused on trade finance. Papers might be later published as business cases.	25%
Midterm Exam (in class) (**)	25%
Final Exam (during “Final week”) (**)	25%

(**) Exams schedule to be published by EAPANG.

IX. READINGS

MANDATORY

CÁMARA DE COMERCIO INTERNACIONAL. INCOTERMS 2000. **Reglas Oficiales de la CCI para la Interpretación de Términos Comerciales.** Pub 560 de la CCI. .

📖 Ley 27287 de Títulos Valores

📖 CÁMARA DE COMERCIO INTERNACIONAL. Reglas Y Usos Uniformes Relativos a Los Créditos Documentarios (Revisión 2007): Pub 600 de la CCI

📖 CÁMARA DE COMERCIO INTERNACIONAL. Reglas Y Usos Uniformes Relativos a Las Cobranzas Documentarias (Revisión 2007): Pub 522 de la CCI

📖 CÁMARA DE COMERCIO INTERNACIONAL. Usos Internacionales Relativos a Los Créditos Contingentes – Internacional StandBy Practices – ISP (Revisión 1998): Pub 590 de la CCI

COMPLEMENTARY

Publicaciones de Cofide, MEF.

📖 RIESGOS EN INSTITUCIONES FINANCIERAS, Cinseyt (www.cinseyt.org.pe)

📖 Tecnología Crediticia, Cinseyt (www.cinseyt.org.pe)

📖 CONTRATOS DE C-V INT'L- Reingex_

📖 Warrants - Revista Negocios Internacionales - JUN 99

📖 El problema del financiamiento de las PYMES, Procapitales