



Higher National Unit specification

General information

Unit title: International Trade: Introduction

Unit code: H483 33

Superclass: AA

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Unit purpose

This Unit is designed to enable learners to understand the basic principles of the financing and settlement of international trade transactions and the role that financial services organisations play in assisting importers and exporters in this. It provides knowledge and develops skills that will enhance the learner's awareness of the financial services industry. The knowledge and skills could also assist learners in finding employment in clerical, administrative or customer service positions within banks, insurance companies and other related financial institutions. It is also suited to those who wish to progress to undertaking business related courses at a more advanced level.

Outcomes

On successful completion of the Unit the learner will be able to:

- 1 Identify the determinants and methods of measurement of the level of international trade of a country.
- 2 Apply the basic methods of completing foreign exchange calculations to settle international trade transactions.
- 3 Identify the key features of solutions offered by financial services institutions to assist importers and exporters engage in international trade transactions.

Credit points and level

1 Higher National Unit credit at SCQF level 6: (8 SCQF credit points at SCQF level 6)

Higher National Unit specification: General information (cont)

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Recommended entry to the Unit

Access to this Unit is at the discretion of the centre. However, it is recommended that learners have good written communication and numerical skills. These may be demonstrated by the achievement of the Core Skills of *Communication* and *Numeracy* at SCQF level 4 or equivalent.

Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the Support Notes for this Unit specification.

There is no automatic certification of Core Skills or Core Skill components in this Unit.

Context for delivery

If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

The Assessment Support Pack (ASP) for this Unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>)

Equality and inclusion

This Unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements

Higher National Unit specification: Statement of standards

Unit title: International Trade: Introduction

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Learners should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Identify the determinants and methods of measurement of the level of international trade of a country.

Knowledge and/or Skills

- ◆ Drivers for countries engagement in international trade
- ◆ Balance of Payments

Outcome 2

Apply the basic methods of completing foreign exchange calculations to settle international trade transactions.

Knowledge and/or Skills

- ◆ Techniques to complete currency calculations for export and import transactions
- ◆ Currency Futures and Currency Options

Outcome 3

Identify the key features of solutions offered by financial services institutions to assist importers and exporters engage in international trade transactions.

Knowledge and/or Skills

- ◆ Currency Services
- ◆ Correspondent Banking Services
- ◆ International Payment and Cheque Collection Services
- ◆ Documentary Collections
- ◆ Documentary Credits

Higher National Unit specification: Statement of standards (cont)

Unit title: International Trade: Introduction

Evidence Requirements for this Unit

Learners will need to provide evidence to demonstrate their Knowledge and/or Skills across all Outcomes by showing that they can:

- ◆ Identify the reasons for international specialisation and exchange.
- ◆ Identify the structure and components of the Balance of Payments account.
- ◆ Apply exchange rates to complete basic export settlements.
- ◆ Apply exchange rates to complete basic import settlements.
- ◆ Identify how currency futures can be used to assist in the settlement of international trade transactions.
- ◆ Identify how currency options can be used to assist in the settlement of international trade transactions.
- ◆ Identify the Currency Services financial services institutions offer to importers.
- ◆ Identify the Currency Services financial services institutions offer to exporters.
- ◆ Identify the role of financial services institutions when acting as a Correspondent Bank.
- ◆ Identify the key features of the International Electronic and Traditional Payment Services financial services institutions offer.
- ◆ Identify the key features of the International Cheque Collection Services financial services institutions offer.
- ◆ Identify how Documentary Collections can be used by financial services institutions to assist an importer.
- ◆ Identify how Documentary Collections can be used by financial services institutions to assist an exporter.
- ◆ Identify how Documentary Credits can be used by financial services institutions to assist an importer.
- ◆ Identify how Documentary Credits can be used by financial services institutions to assist an exporter.

Evidence should be generated through assessment under closed-book controlled conditions.



Higher National Unit Support Notes

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Unit Support Notes are offered as guidance and are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

The following guidance was written in January 2013 based on current financial services institutions, their products and services. Centres should ensure that learners have used current information in their learning and that assessment content and assessment checklists reflect the current situation, which may, as a result, differ from the guidance below in terms of the products and/or services listed.

Outcome 1 looks at what determines the extent to which a country engages in international trade from an economic perspective. Learners also consider how international trade is measured through the Balance of Payments account.

It is expected that centres will cover the following topics:

- ◆ Gains from trade (international specialisation, absolute and comparative advantage)
- ◆ Reasons for international specialisation and exchange (factor endowments — uneven distribution of resources, economies of scale, level of technology, political, strategic and cultural considerations)
- ◆ Protections (forms, reasons and effects)
- ◆ Balance of Payments (purpose and structure of account, items included in calculations, Visible vs Invisible Balance of Payments, reasons for trends in Balance of Payments)

Outcome 2 looks at the ways in which the costs of foreign exchange transactions can be calculated and how currency futures and options can assist exporters/importers.

It is expected that centres will cover the following topics:

- ◆ Currency calculations (how exchange rates are quoted and the completion of basic buy and sell calculations)
- ◆ Currency Futures (definition, purpose and basic terminology)
- ◆ Currency Options (definition, purpose and basic terminology)

(Note for Currency Futures and Options learners are not expected to undertake any calculations, they are required to develop a basic understanding only of what futures and options are and how they can be used to assist the exporter/importer).

Higher National Unit Support Notes (cont)

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Outcome 3 looks at the solutions that financial services institutions can offer importers and exporters to assist them complete international trade transactions. It is expected that centres will cover the following topics both from the perspective of an exporting and an importing customer.

- ◆ Currency services (foreign exchange accounts, travel facilities; internationally recognised credit cards)
- ◆ Correspondent Banking Services (outline of what this involves, how it is set up and what benefits it can deliver for the importing/exporting customer)
- ◆ Payment Services — Electronic payments (role of SWIFT; use of IBAN) and traditional methods (drafts, foreign currency cheques, negotiating and collecting foreign cheques)
- ◆ Documentary Collections: basics of how they operate and their advantages/disadvantages to both the exporter and the importer
- ◆ Documentary Credits: basics of how they operate, the typical content of letters of credit and their advantages/disadvantages to both the exporter and the importer

Guidance on approaches to delivery of this Unit

This Unit is likely to form part of a Group Award designed to provide learners with technical or professional knowledge and skills for employment within the Financial Services sector. It supports pre-employment learning for learners who have not yet entered the workplace and are studying in colleges and learning for employees who are new to the sector.

The Unit has been designed to enable learners to complete it, regardless of what country they are based in and regardless of the specific operations of financial services institutions in these countries. Centres should ensure that the learning covers this generic material. It would also be appropriate for centres to illustrate their teaching by contextualising it to the specifics of the international trade operations of their country's financial services institutions.

Guidance on approaches to assessment of this Unit

Evidence can be generated using different types of instruments of assessment. The following are suggestions only. There may be other methods that would be more suitable to learners.

Centres are reminded that prior verification of centre devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

This Unit could be assessed by a single instrument of assessment that requires learners to respond to multiple choice questions. To ensure the Evidence Requirements are met in full, it is likely that centres will require to include a minimum of 50 multiple-choice questions. Learners should achieve a minimum of 65% overall and also achieve 60% against each Outcome to meet the Evidence Requirements in full.

Higher National Unit: Support Notes (cont)

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Assessment should be carried out under closed-book controlled conditions and, if taking place as a single event, this should last no more than two hours.

Centres should ensure that the assessment covers this generic material and that assessment instruments do not include additional content which relates to country specific considerations.

Assessment could be delivered as an e-assessment if desired.

Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by *Information and Communication Technology (ICT)*, such as e-testing or the use of e-portfolios or social software. Centres which wish to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at www.sqa.org.uk/e-assessment

Opportunities for developing Core and other essential skills

There are no Core Skills embedded in this Unit. However, there are opportunities for developing skills in the Using Number component of the Core Skill *Numeracy* at SCQF level 5.

***Numeracy* — Using Number at SCQF level 5**

In Outcome 2, learners will undertake exchange rate calculations using appropriate fractions and applying formulae. They will, therefore, apply a wide range of numerical skills to solve work related problems.

History of changes to Unit

Version	Description of change	Date

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General information for learners

Unit title: International Trade: Introduction

This section will help you decide whether this is the Unit for you by explaining what the Unit is about, what you should know or be able to do before you start, what you will need to do during the Unit and opportunities for further learning and employment.

This Unit is designed to introduce you to, and to enable you to understand, the basic principles of international trade and the products and services offered by financial institutions to assist importers and exporters as they trade overseas. The Unit has been written to enable you to complete it, regardless of what country you are based in and regardless of the specific operations of financial services institutions in your own country.

The Unit provides knowledge and develops skills that will enhance your awareness of the financial services industry. The knowledge and skills could also assist you in finding employment in clerical, administrative, or support positions within banks, insurance companies and other related financial institutions. It is also suited to you if you wish to progress to undertaking business related courses at a more advanced level.

In Outcome 1 you will learn about why countries engage in international trade and what determines the level of trade they engage in. You will also learn about how this level of trade is measured through the Balance of Payments account.

In Outcome 2 you will learn how to apply foreign exchange rates to a range of trading transactions that an importer or exporter would typically complete.

In Outcome 3 you will learn about the services that financial institutions can offer importers and exporters to assist them complete a transaction.

This Unit may be assessed by one assessment covering all three Outcomes. This assessment could consist of a number of multiple choice questions. It is recommended that the assessment be completed within a two hour working period and will be conducted under closed-booked conditions. You are required to achieve 65% overall to pass this assessment. You will also have to achieve 60% in each Outcome.