

**Glossary of Terms**  
**NASBITE CGBP**  
**Domain 4 - International Finance**

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
<b>A</b>		
Acceptance	A draft, payable at a specified date, by which the obligated party has written/acknowledged to pay at maturity.	3.5, 4.1, 4.5, 4.8
Accounts Receivable	The outstanding balances owed to a seller by the buyer.	3.3, 3.5, 7.1
Advice	A document that acknowledges activities as they relate to a transaction.	4.1, 4.8
Advising Bank	The bank that receives the letter of credit, amendments, etc. and forwards them to the beneficiary, usually the exporter's bank.	3.4, 3.5, 4.1, 4.5, 4.6
Agent	An individual or company that can act on behalf of another company (sales agent).	5.1
Airway Bill	Document issued for air transport of goods.	1.1, 3.4, 4.7
Amendment	A change to a letter of credit.	4.1, 4.5, 4.6, 4.8
Applicant	The individual or company applying for issuance of a letter of credit, usually the importer.	3.3, 4.5, 4.5, 4.6, 4.8
Arbitration	The resolution of a dispute, using an impartial third party.	5.1
Assets	The economic resources owned by a firm.	3.3, 6.1
Assignment of Proceeds	The transfer of title and benefits to a third party.	4.5, 4.8
Aval	An endorsement/guarantee of a draft by a third party who has signed the draft.	3.5
<b>B</b>		
Back to Back Letter of Credit	A letter of credit opened using the strength of an existing letter of credit and similar order details.	4.1
Bad Debt	Accounts Receivable that may/can not be collected	3.3
Balance of Payments	The sum (positive or negative) of a country's receipts and payments to all foreign countries over a specific period of time.	2.1
Balance Sheet	A report that outlines the financial situation of a firm on a specific date.	6.1, 7.1
Bank Check	A check issued by a bank, drawn on one of its accounts	7.1
Bank Notes/Cash	Paper Money	4.4, 4.6
<b>B</b>		
Banker's Acceptance	The acknowledgement in writing on a time draft by a bank to pay the face amount to the holder at the future specified date.	3.5,, 4.8, 7.1
Bankruptcy	The inability of an individual or firm to pay liabilities when they are due because of a lack of funds.	3.2
Barter	Barter involves an even exchange of goods or services.	2.1, 3.5, 5.1
Beneficiary	The person/company in whose favor a letter of credit is issued and who will receive payment, usually the seller, exporter or provider of services.	3.4, 4.1, 4.4, 4.5, 4.6, 4.8
Bill of Exchange/Sale	An unconditional order in writing. Provides direction for payment by a particular party to another.	4.1, 4.4, 4.6, 4.7
Bill of Lading	Both a receipt for merchandise and a contract to deliver signed by the by the captain, agent or owner of a vessel, showing written evidence for the transport and delivery of merchandise sent by sea to a specific destination.	1.1, 3.4, 4.1, 4.7, 5.1
Bond	A certificate of debt that may include interest to be paid along with principal.	3.3
Buyback	Capital plant and equipment can be purchased by paying for the products produced from the same equipment purchased or some combination of cash and product.	2.1, 5.1
Buyer	A purchaser of products or services.	throughout
Capacity	A buyer's ability to pay.	3.3
Capital	Funds available to a company for investment or purchases.	3.3
Capital Equipment	Large scale equipment used to conduct the activities of a business.	7.1
Capital Account	The account within the company that reports long- term assets and liabilities.	2.1
Cash Against Document	A method of payment where a buyer receives title documents when payment has been made.	3.4, 4.1
Cash Flow	The process of reporting receipts and disbursement of cash.	3.1
<b>C</b>		
Cash in Advance / Prepayment	A method of payment where the buyer must pay for an order of merchandise prior to manufacturing, shipment or delivery.	3.1, 4.1, 4.2, 5.1
Certificate of Origin	A document that certifies the country of origin of the product identified on the document. It must be signed and sealed by a local chamber of commerce.	4.7
CFR	Incoterm - Cost & Freight (See module for complete definition)	4.3
Character	The buyer's willingness to pay obligations.	3.3
CIF	Incoterm - Cost, Insurance & Freight (See module for complete definition.)	4.3



**Glossary of Terms**  
NASBITE CGBP  
Domain 4 - International Finance

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
CIP	Incoterm - Carriage & Insurance Paid To (See module for complete definition.)	4.3



**Glossary of Terms**  
**NASBITE CGBP**  
**Domain 4 - International Finance**

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
Clean (bill of lading, documentation, collection)	A term used on documentation when the shipment or documents have been received in good order with no irregularities.	4.4
Collateral	Assets used as security when requesting a loan or letter of credit.	3.3, 4.5, 6.1, 7.1
Collecting Bank	A bank in the vicinity of the buyer that acts as an agent for another bank in presenting trade documents to the buyer against payment on behalf of a seller.	4.1
Collectivism	A society that focuses on the strengths of a group.	1.2
Commercial Invoice	The bill of exchange prepared by the seller that itemizes the transaction.	1.1, 3.4, 4.7
Commercial Risk	The financial risk of late or nonpayment by customers.	3.3, 4.2, 5.1, 7.1
Confirmed Letter of Credit	A letter of credit that has the issuing bank's obligation to pay backed (confirmed) by a second bank.	3.4, 4.1, 4.3, 4.5, 4.6, 4.8
Confirming Bank	The bank that accepts the risk of non- payment by the issuing bank for a letter of credit.	3.5, 4.1, 4.5, 4.6
Consular Invoice	A commercial invoice that has been certified by the consul or embassy of the importing country.	3.4, 4.7
Convertibility Risk	The risk related to the ability to convert currency needed for a transaction.	1.1
<b>C</b>		
Corporate Risk	General business risks encountered when entering into relationships and transactions with other companies.	1.1
Corruption	inducement to wrong by improper or unlawful means (as bribery)	1.2
Counter Purchase	An arrangement where one company agrees to sell products to a foreign purchaser for cash, but also simultaneously agrees to purchase products or services from the foreign partner; also known as parallel barter.	2.1, 5.1
Countertrade	An arrangement whereby the importer and exporter contract to exchange goods or services as payment in kind without the use of cash.	3.5, 5.1
Country Risk	Financial risk based on the evaluation of the political, economic and social conditions in a country.	3.3, 5.1, 6.1
CPT	Incoterm - Carriage Paid To (See module for complete definition.)	4.3
Credit History/Report	Historical financial information about a company and its performance.	3.1, 3.2, 3.3
Credit Insurance	Covers a buyer's failure to meet the debt obligation on time due to protracted default (slow pay) or insolvency.	3.5, 7.1
Cultural Risk	Financial risk based on the cultural conditions in a country.	1.1, 1.2, 3.3
Currency Risk	Financial risk as it relates to the availability of the currency used in a transaction.	3.3, 6.1
Current Account	Amount owed to a company within the short- term (30 days)	2.1
<b>D</b>		
DAF	Incoterm - Delivered at Frontier (See module for complete definition.)	4.3
DDP	Incoterm - Delivered Duty Paid (See module for complete definition.)	4.3
DDU	Incoterm - Delivered Duty Unpaid (See module for complete definition.)	4.3
Demurrage Cost	A charge for storage or use of a container of incoming merchandise beyond the time allotted by the shipping company.	1.1
DEQ	Incoterm - Delivered Ex Quay (See module for complete definition.)	4.3
DES	Incoterm - Delivered Ex Ship (See module or complete definition.)	4.3
<b>D</b>		
Deferred Payment	Payment delayed to agreed upon date.	4.6
Direct Foreign Investment	Investment by a firm in a foreign country to establish a company, office or location.	5.1
Discounted	The amount deducted from the face value of a draft or l/c at the time it is sold.	3.4, 4.8
Discrepancy	Any type of mistake or error on documentation.	1.1, 4.1, 4.5, 4.6, 4.7, 4.8, 4.9
Distributor	An independent business that buys from the seller and agrees to sell the product in a specified territory.	5.1
Documentary Collection	A collection in which a draft is accompanied by shipping or other documents.	1.1, 3.4, 3.5, 4.1, 4.2, 4.4, 4.5, 4.6, 4.8, 5.1, 7.1
Documentary Risk	The financial risk associated with documentation errors or omissions that may affect payment for services or merchandise.	1.1
Documentation	The paperwork required for an international transaction.	4.1, 4.9
Documents Against Acceptance	Instructions given by a shipper to the bank that the documents attached to a draft for collection are deliverable to the drawee only against the drawee's acceptance of the draft.	3.4, 4.1
Documents Against Payment	Instructions given by a shipper to the bank that the documents attached to a draft for collection are deliverable to the drawee only against the drawee's payment of the draft.	3.4, 4.1



**Glossary of Terms**  
NASBITE CGBP  
Domain 4 - International Finance

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
Draft	An instrument, much like an ordinary check in appearance, which is used as a formal demand for payment in a business transaction.	3.4, 3.5, 4.1, 4.4



**Glossary of Terms**  
**NASBITE CGBP**  
**Domain 4 - International Finance**

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
Day's Sales Outstanding (DSO)	The number of days your accounts receivable are on the books.	3.3
Dun & Bradstreet	Credit reporting agency.	3.1
Duty	A tax imposed by law or custom usually payable to a government on merchandise imported from another country.	4.7
<b>E</b>		
Economic Risk	The financial risk associated with economic environment found in a country.	1.1, 4.2, 5.1, 6.1
EISIL	International Law Resource.	5.2
Equity	The value of a company or item left when the liabilities have been deducted.	3.3
Exchange Controls	Government controls imposed upon the exchange rates or ability to exchange a currency.	3.3
Experian	Credit reporting agency.	1.2, 3.1
Export Credit Agency	Provides insurance or loan guarantees to banks to support international transactions.	3.5
Export Credit Insurance	Insurance available to exporters that provides protection on foreign receivable.	4.8, 7.1
Export License	Licenses issued to US companies for dual use products or restricted products or for shipments with ultimate destination in countries that pose national security or foreign policy issues.	1.1
Exporter	A seller involved in an international transaction.	throughout
Export-Import (Ex-Im) Bank	A US government agency that is authorized to make medium and long-term loans and provide loan guarantees for projects relating to US export sales.	1.1, 1.2, 3.5, 5.2, 6.1, 7.1, 8.1
EXW	Incoterm - ExWorks (See module for complete definition.)	4.3
<b>F</b>		
Factor	A company that assumes the responsibility for the credit, collection and record keeping functions of a seller.	3.5, 6.1
Factoring	Short-term financing for a transaction that uses the services of a factor.	3.5, 4.2
FAS	Incoterm - Free Alongside Ship (See module for complete definition.)	4.3
FCA	Incoterm - Free Carrier (See module for complete definition.)	4.3
Association of Executives in Finance, Credit & International Business (FCIB)	Subsidiary of NACM to provide professional development for professionals in the industry.	1.3, 3.1
Financial Plan	The monetary plan for a company that includes the necessary financial statements.	6.1
Financial Ratios	Comparisons that provide a snapshot of a company's financial situation.	6.1
<b>F</b>		
Financial Risk	The risk found in a company based on its financial situation.	1.2
Financial Statements	The summary of all transactions over a specific period of time as reported in the income statement, balance sheet, cash flow statement, etc.	3.1, 7.1
Federation of International Trade Associations (FITA)	Source of trade leads, events and news that links over 7,000 trade sites.	5.2
Fixed Rate of Exchange	A constant rate at which one currency is exchanged for another.	2.1
Floating Exchange Rate	A moving rate at which one currency is exchanged for another.	2.1
FOB	Incoterm - Free on Board (See module for complete definition.)	3.5, 4.3
Force Majeure	A term used to describe a "superior force" event, commonly referred to as an act of God.	5.1
Forecasting	The process of estimating sales or purchases based on historical activity or statistical analysis.	1.1
Foreign Credit Insurance Association (FCIA)	US agency established to offer insurance covering political and commercial risks on US export receivables in partnership with Ex-Im Bank	1.1, 6.1
Foreign Currency Exchange	The rate at which one currency is converted to another.	1.1, 4.1, 4.2, 4.4, 4.8, 5.1
Foreign Currency Risk	The financial risk associated with the fluctuation of the rate of exchange of currencies.	1.1, 2.1
Foreign Receivables	The outstanding balances owed to the seller by a foreign buyer.	1.1
Foreign Reserves	The amount of foreign currency held by a government.	1.1
Foreign Sales Representative	An independent business or individual that sells a company's products in foreign markets.	3.1, 3.2
Forfaiting	Fixed rate financing, generally of capital equipment, by which an exporter is advanced through its bank, the discounted proceeds of a medium-term series of promissory notes issued by the importer.	3.5, .2, 7.1, 8.1
Forward (Future) Contract	A contract for the purchase or sale of foreign currency at a fixed rate with delivery at a specified time.	2.1, 5.1



**Glossary of Terms**  
NASBITE CGBP  
Domain 4 - International Finance

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
Franchising	Franchising provides the right to conduct business in a certain manner to a franchisee.	5.1



**Glossary of Terms**  
**NASBITE CGBP**  
**Domain 4 - International Finance**

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
<b>G</b>		
Gross Domestic Product (GDP)	Total value of goods and services produced in a country	2.1
Guarantee (loan)	The agreement by an independent bank or government agency to repay a loan should the debtor default.	7.1, 8.1
<b>H</b>		
Hedge	A method to limit the risk of possible future loss due to currency fluctuation.	1.1, 2.1
<b>I</b>		
Import License	A government license allowing a company to import or allowing the importation of a particular product.	4.7
Importer	Usually the buyer in an international transaction.	throughout
Income Statement	Summary of all resources less expenses that have come thru the firm.	6.1
Incoterms	Terms issued by the ICC that govern the movement, ownership, and liability related to products in international transactions.	1.1, 4.3, 5.1
Individualism	A society that focuses on the strengths of the individual.	1.2
Inflation	A continual rise in the price of goods and services due to an increase in availability of money & credit relative to goods and services.	2.1
Insurance	Protection from loss purchased by companies involved in a transaction from an independent insurer.	1.2, 4.2, 4.8, 6.1
Insurance Certificate	A document providing proof of protection for various issues related to a transaction.	1.1, 3.4
Interest Rate	The price charged by banks for the use of funds.	1.1, 2.1, 3.3
International Chamber of Commerce (ICC)	The international organization responsible for creating the Incoterms, SWIFT, and UCP.	1.1, 1.2, 4.3, 4.9, 5.2
International Company Profile (ICP)	An international credit report available through the U.S. Dept. of Commerce.	3.1
International Monetary Fund (IMF)	A international financial agency that seeks to stabilize the global monetary markets.	1.3, 3.5, 5.2
Inventory	Value/quantity of physical goods.	3.3, 7.1
Irrevocable	Cannot be changed without the approval of all parties involved.	4.1, 4.5, 4.6
Issuance	The creation of a letter of credit by the issuing bank.	4.1
Issuing Bank	The buyer's/importer's bank that creates a letter of credit for the account of the beneficiary (seller/exporter).	1.1, 3.4, 3.5, 4.5, 4.6
<b>J</b>		
Joint Venture	An agreement by which two or more companies combine their resources to provide products/services and agree to share the profits and liabilities.	5.1
<b>L</b>		
Letter of Credit	A letter addressed by a bank on behalf of a buyer to a seller, authorizing the drawing of drafts up to a stipulated amount under certain specific terms, and undertaking conditionally or unconditionally to provide eventual payment for drafts if drawn per the instructions.	1.1, 3.1, 3.3, 3.4, 3.5, 4.1, 4.5, 4.6, 4.7, 4.8, 4.9, 5.1, 7.1
Liabilities	Financial debt that is owed to others.	5.1, 6.1, 7.1
Licensing (ee/or)	An arrangement in which one company purchases the rights to manufacture products with another company's name/logo, etc.	5.1
Lien	A charge against property for payment of an outstanding debt.	3.3
Line of Credit / Credit Line	A commitment by a bank to a borrower to extend a maximum amount of credit in a series of transactions.	3.3, 4.1, 8.1
Liquidity	The time needed to convert assets to cash.	4.2, 6.1
Loan	Money provided by a bank or another that is to be repaid with interest.	3.5, 7.1, 8.1
Loan Fees	The costs associated with securing a loan.	4.8
Long -Term Financing	Usually considered financing for 5-10 years.	8.1
<b>M</b>		
Managed Rate of Exchange	A currency exchange rate that is adjusted for market conditions by the central bank to control wide valuation swings.	2.1
Market Share	The percentage of sales obtained in a particular market by a brand/company.	2.1, 3.3
Medium -Term Financing	Usually considered financing for more than 1 year but less than 5 years.	8.1
Modes of Entry	The different options for selling products or services in a market.	5.1
Moody's Industry Review	Company information provided by industry.	1.3, 3.1
<b>N</b>		
NACM	National Association of Credit Managers	3.1, 3.2
Negotiable	Written evidence of a payment obligation which may be transferred by endorsement or by delivery and of which the transferee may become a holder in due course.	1.1, 4.1, 4.5, 4.7



**Glossary of Terms**  
**NASBITE CGBP**  
**Domain 4 - International Finance**

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
Net Worth	Value of a company when liabilities are subtracted from assets.	6.1
Netgotiation	The process of reviewing documents related to a letter of credit.	4.1, 4.6
<b>O</b>		
Organization of Economic Cooperation and Development (OECD)	Forum for discussion of economic and social issues confronting its members.	3.1
Offical Reserves	The foreign and domestic cash holdings of a government.	2.1
Open Account	A method of payment that allows the buyer to pay the seller at an agreed upon time frame after shipment/invoice date.	1.1, 3.4, 4.1,5.1, 7.1
Oversease Private Investment Corporation (OPIC)	A US government agency that guarantees and/or insures US private investment in lesser developed countries.	1.3
Option - Put/Call	A forward contract that matures within a specified period of time (Sell/Buy).	2.1, 5.1
<b>P</b>		
Packing List	A document detailing the contents, weight and dimensions of a shipment.	1.1, 4.7
Payment Terms	The agreed upon method and time frame in which the buyer will pay the seller.	3.3
Political Risk	The financial risk associated with the political environment or activities in a country that may affect a seller's ability to collect payment.	1.1, 4.2, 5.1, 6.1, 7.1
Pre-Advice	Advisement to a beneficiary of a letter of credit prior to its issuance.	4.8
Prepayment/ Cash in Advance	A method of payment where the buyer must pay for an order of merchandise prior to manufacturing, shipment or delivery.	3.1, 3.4
Profitability	The value/funds/percentage left over in a transaction when the costs have been subtracted from the selling price.	6.1
Proforma Invoice	An invoice created sent to the buyer prior to shipment to confirm the details of the order. May be used for issuing the letter of credit.	4.7
Promissory Note	A note signed by a debtor to pay back a loan at a particular time with a specified interest rate.	3.5, 7.1, 8.1
<b>P</b>		
Purchasing Power Parity	Value of a currency and the volume of product that can be purchased with the currency.	2.1
<b>Q</b>		
Quotation - Direct	Foreign exchange quote when domestic currency equals 1.	2.1
Quotation - Indirect	Foreign exchange quote when the foreign currency equals 1.	2.1
<b>R</b>		
Receiving Bank	The bank that will receive payment in a letter of credit or documentary collection transaction.	4.4
Remitting Bank	The paying bank in a letter of credit or documentary collection transaction.	3.4, 4.1, 4.4, 4.6
Revocable	A letter of credit that can be changed without the consent of the beneficiary.	4.1, 4.5
Revolving Letter of Credit	A letter of credit that will allow the issuing bank to notify the seller that the amount involved will again become available under the same terms without the need to issue a new l/c.	4.5, 4.6
Risk Parameters	The levels of different risks considered acceptable by a company.	3.3
<b>S</b>		
Small Business Administratrion (SBA)	US government agency that provides loan guarantees to US companies.	1.3, 5.1, 6.1, 7.1
Small Business Development Center (SBDC)	State government agency that provides business training.	5.2
Seller	Usually the exporter in an international transaction.	throughout
Short- Term Financing	Usually considered financing for 180 days or less.	3.5, 7.1
Sight Draft	A draft so drawn as to be payable upon presentation to the drawee, or within a brief period thereafter, known as days of grace.	3.4, 4.1, 4.6
Sight Letter of Credit	A letter of credit where the drafts are payable immediately upon presentation or on demand if the documents meet the terms and conditions of the l/c.	3.5, 4.1, 4.6
Spot Foreign Exchange	When foreign currency is bought at a rate of exchange and delivered within 2 business days after the transaction.	2.1, 5.1
Standby Letter of Credit	A letter of credit by which the issuing bank will undertake to make payment to a beneficiary if the accountparty fails to comply with terms of an agreement to pay.	1.1, 3.3, 4.1, 4.5, 4.6, 7.1
<b>S</b>		
Stock	Shares of ownership of a company.	3.3
Straight Letter of Credit	A letter of credit payable only at the paying bank.	4.1



**Glossary of Terms**  
NASBITE CGBP  
Domain 4 - International Finance

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
Swap Foreign Exchange	The simultaneous purchase and sale of the same amount of a given currency for two different dates, against the sale and purchase of another.	2.1
SWIFT (Society of Worldwide Interbank Financial Telecommunication)	System that is to move funds and information among member banks.	1.1, 4.4, 4.8, 4.9



**Glossary of Terms**  
**NASBITE CGBP**  
**Domain 4 - International Finance**

<b>Term</b>	<b>Definition</b>	<b>Module*</b>
<b>T</b>		
Taxes	Charges imposed by a government on business or personal activities.	4.7
Term	The length of time associated with a transaction.	1.1, 4.6
Time Draft	A draft drawn to mature at a certain fixed time after presentation or acceptance.	1.1, 3.5, 4.1, 4.4
Trade Acceptance	A draft drawn by the seller of goods on the buyer and accepted by the buyer for payment at a specified future date.	3.5, 4.1
Trade Reference	A company identified by a buyer as a reliable source of information about their payment trends and business activities.	3.1
Transaction Insurance	Insurance purchased to protect either a buyer or seller on a particular transaction.	1.1
Transfer	To move to another company, institution or organization.	1.1, 4.8
Transferable Letter of Credit	A letter of credit, the proceeds of which can be transferred in whole or part by the original beneficiary to one or more second beneficiaries.	4.1, 4.5, 4.6, 7.1
Transfer Risk	The financial risk associated with governments limitation on transferring of currency to pay for imported products.	1.1, 3.5
Translation Risk	The financial risk associated with the conversion of the value of overseas assets to home office financial statements.	1.1
Transport Documents	Documentation issued for transportation for merchandise.	1.1
<b>U</b>		
UCP (Uniform Customs & Practices for Documentary Credits)	Issued by the ICC, these guidelines provide direction for the issuance and use of documentary collections and letters of credit, most recently updated in June 2007.	1.1, 4.3, 4.5, 4.9, 5.2
US Department of Commerce - Foreign and Commercial Service	US government agency that supports the export activities of local businesses.	1.2, 3.1, 5.2, 6.1
Usance	A letter of credit that specifies payment against drafts payable at a future date, generally six months or less.	3.5, 4.1, 4.4, 4.6
<b>V</b>		
Venture Capital	Funds made available to companies by private investors.	6.1
<b>W</b>		
Warranty/Warranty	Time line in which products or services are guaranteed.	5.1, 6.1
Wire Transfer	The electronic transfer of funds between banks.	3.1, 3.4, 4.1, 4.4, 4.9, 5.1
With Recourse	A phrase followed by the signature of a drawer or endorser of a negotiable instrument, whereby liability is accepted for future nonpayment.	7.1
Without Recourse	A phrase followed by the signature of a drawer or endorser of a negotiable instrument, whereby no liability is accepted for future nonpayment.	3.5, 7.1
Working Capital Loan	A loan to finance the purchase of materials needed for purchase orders held by a company.	3.5, 7.1
World Bank (IBRD) - International Bank of Reconstruction and Development	The intergovernment institution finances economic development projects in developing nations.	1.3, 5.2
World Trade Organization (WTO)	International Organization whose mission is to establish global rules of trade between nations.	1.3, 4.3
*Note: The modules where these terms are primarily used are noted; however, they may be used in other modules as well.		

