

Exam Name - Certified Trade Finance Professional (CTFP)[™]

Sample Exam

1. What is the primary purpose of a Letter of Credit (LC)?

- A. Guarantee payment to the buyer
- B. Facilitate open-account trade
- C. Provide assurance to the seller of payment upon compliance
- D. Serve as a bank loan to the buyer

Answer **C**

2. Under UCP 600, which party must examine documents “with reasonable care”?

- A. Issuing Bank
- B. Advising Bank
- C. Confirming Bank
- D. Applicant

Answer **A**

3. A forfaiting transaction involves:

- A. Exporter financing via post-shipment receivables, with recourse
- B. Discounting industry receivables without recourse
- C. Issuing unsecured promissory notes
- D. Extending supplier credit

Answer **B**

4. What type of risk does export credit insurance primarily cover?

- A. Foreign exchange fluctuations
- B. Political and commercial non-payment
- C. Interest rate risk
- D. Commodity price volatility

Answer **B**

5. In a confirmed LC, the confirming bank:

- A. Advises the LC issuance
- B. Adds irrevocable payment guarantee
- C. Pays even if issuing bank refuses
- D. All of the above

Answer **D**

6. Under UCP 600, which does NOT constitute a discrepancy?

- A. Omission of "TO ORDER" on a negotiable bill
- B. Late shipment vs specified date
- C. Minor spelling mistake in consignee name
- D. Different price than LC amount

Answer **C**