THINK CRITICALLY
Handwrite your responses in the space below; 2 sentences each.

1. What three payment methods are commonly used in foreign trade transactions?

2. Name agencies t hat exist to help companies reduce global finance risk.

3. The payment method with the lowest risk to the seller is _____
   a. a sale on account
   b. a letter of credit
   c. a bill of exchange
   d. cash in advance

4. The _____ provides investment insurance when U.S. companies establish operations in developing countries.
   a. Export-Import Bank
   b. Foreign Credit Insurance Association
   c. World Federation of Exchanges
   d. Overseas Private Investment Corporation

5. True or False? _____ Letters of credit are commonly issued by a federal government agency.

6. True or False? _____A commercial invoice documents that an exporting company has insurance coverage.

7. Credit risk insurance providing coverage for loss from non-payment for delivered goods may be obtained from _____
   a. Export-Import Bank of the U.S.
   b. International Monetary Fund
   c. FCIA
   d. OPIC

TEAMWORK
Discuss in pairs or small groups and then write your conclusions below.

8. Various business transactions may require different payment methods. In your team, describe situations in which each of these payment methods might be appropriate: cash in advance, letter of credit, and sale on account.