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NEW QUESTION: 1

The role of FATF-style regional bodies (FSRBs) is to; (Select Three.)

- A. provide AM L/C FT technical assistance needed by members in their FSRB jurisdiction.
- B. set and amend the FATF 40 Recommendations for members in their FSRB jurisdiction.
- C. offer mutual evaluation and follow-up processes for members in their FSRB Jurisdiction.
- D. identify and address any gaps in the AML/CFT policies for members outside of their FSRB jurisdiction.
- E. identify and address the current financial crime trends through the issuance of typologies originating in members outside of their FSRB's Jurisdiction.
- F. coordinate technical assistance for members in their FSRB jurisdiction

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 2

In a large US bank, an individual leads a team in charge of overseeing the governance and effectiveness of the bank's transaction monitoring approach.

Which strategies should the team implement? (Select Two.)

- A. Periodic and ad hoc cooperation with the legal team to appropriately investigate and monitor the transactions of subjects of subpoenas or government inquiries
- B. Periodic review of client profiles to ensure that the most up-to-date information is on file for high-risk clients in line with the bank's internal policies and procedures
- C. Periodic review of suspicious activity reports (SARs) filed with FinCEN to determine whether any should be withdrawn
- D. Periodic review of the transaction monitoring scenarios and their productivity to ensure that appropriate AML typologies are reflected

Answer: ([SHOW ANSWER](#))

Effective oversight of transaction monitoring includes:

* Periodic review of client profiles to ensure up-to-date information for high-risk clients

(B): "Reviewing and updating customer profiles is essential to ensure that monitoring scenarios are based on current risk data." (CAMS 6th Edition, Transaction Monitoring and Customer Due Diligence)

* Periodic review of transaction monitoring scenarios and productivity to ensure appropriate AML typologies are reflected (D): "Firms should periodically review the parameters and output of transaction monitoring systems to ensure they continue to identify relevant ML/TF risks and typologies." (CAMS

6th Edition, Monitoring and Surveillance)

Incorrect Options:

* A: Cooperation with the legal team is important, but not a core strategy for monitoring governance.

* C: SARs filed with FinCEN should not be withdrawn unless new evidence requires it; review should focus on process, not withdrawal.

References:

CAMS 6th Edition, Transaction Monitoring

FFIEC BSA/AML Manual, Transaction Monitoring Section

NEW QUESTION: 3

When a government imposes economic sanctions on a target the purpose is to:

A. indicate that the use of military force is likely unless the state or non-state target complies with the government's

B. interests encourage non-governmental organizations to increase the provision of humanitarian and charitable aid to the target

C. alter the behavior of the state or non-state target that threatens the interests of that government or violates international norms

D. protect the rights of the citizens of the state target against their own government and improve financial stability in the region.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 4

One key aspect of promoting an enterprise-wide compliance culture within a financial institution is that the:

A. Relevant information should be shared throughout the organization.

B. Cost of compliance should increase proportionately to revenues.

C. Revenue-generating business sectors should have precedence over compliance.

D. First line of defense should establish its own policies independently.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 5

When services are provided by a trust and company service provider (TCSP) connected to a high-risk country, which of the following may present an immediate financial crime risk concern?

- A. Management structure
- B. Governance framework
- C. Asset structure
- D. Origin of the funds

Answer: [\(SHOW ANSWER\)](#)

The origin of the funds is a primary financial crime risk when dealing with a TCSP connected to a high-risk country. Funds originating from such jurisdictions may be linked to illicit activity, especially if source verification is weak or absent.

NEW QUESTION: 6

The relationship manager in the corporate banking department at a bank is required to take specialized AML training tailored to the risks the department is most likely to encounter.

Which types of content are most appropriate for this training? (Select Two.)

- A. Money laundering typologies applicable to monetary instrument reporting
- B. Applicable AML laws and regulations
- C. Regulatory exam best practices
- D. Money laundering typologies applicable to corporate loans

Answer: B,D [\(LEAVE A REPLY\)](#)

Specialized AML training must be relevant to the specific risks the corporate banking team faces, including legal/regulatory expectations and the ML/TF typologies applicable to their products and customer base.

* Applicable AML laws and regulations (B): "Staff must be aware of the applicable AML/CFT laws and regulatory requirements relevant to their business area." (CAMS 6th Edition, Chapter: AML Training and Awareness)

* Money laundering typologies applicable to corporate loans (D): "Training should include typologies and red flags that are most relevant to the risks present in the specific business line, such as corporate lending." (CAMS 6th Edition, AML Training for High-Risk Departments)

Incorrect Options:

* A: Monetary instrument reporting is more relevant to retail/branch banking.

* C: Regulatory exam best practices are for compliance teams, not business-line relationship managers.

References:

CAMS 6th Edition, AML Training and Awareness

FATF Guidance: Risk-Based Approach to Banking Sector

NEW QUESTION: 7

Which situation involving a vendor presents increased AML and/or sanctions risk to an organization?

- A. The vendor has no individuals that own or control more than 10% of the company

- B. The vendor's sales representative was a refugee from a sanctioned jurisdiction as a child
- C. The vendor is organized as a privately held company
- D. The vendor provides services to end users located in an area subject to economic sanctions

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 8

Which regulatory bodies cooperate when dealing with cross-border suspicious or unusual financial activity investigations?

- A. European Commissions
- B. Financial Intelligence Units
- C. Wolfsberg Groups
- D. Financial Action Task Forces

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 9

Money laundering has social and economic impacts, especially within developing countries. A high volume of money laundering in a country may: (Select Two.)

- A. Dissuade government tax incentive programs
- B. Reduce volatility in exchange and interest rates.
- C. Lower the employment rate.
- D. Dissuade foreign investment.
- E. Reduce confidence in the country's financial sector.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 10

Under the Egmont Group Principles, information exchange among financial intelligence units (FIUs) should be conducted:

- A. Without the expectation of reciprocity on how the information will be used.
- B. With set limits on the amount of financial and administrative information provided.
- C. Freely, spontaneously, and upon request, on the basis of reciprocity.
- D. Only if the status of the foreign FIU is related to law enforcement.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 11

During which process must a country demonstrate to the Financial Action Task Force (FATF) that it has an effective framework to protect the financial system from abuse?

- A. Formal assessment
- B. Regulatory overview
- C. Technical analysis
- D. Mutual evaluation

Answer: ([SHOW ANSWER](#))

In a mutual evaluation, a country must demonstrate to the FATF that it has an effective framework to protect its financial system from abuse. This process assesses both technical compliance with FATF Recommendations and the effectiveness of the country's AML/CFT measures.

NEW QUESTION: 12

Upon learning of a potential weakness through an organization's enterprise-wide sanctions risk assessment relating to a low number of sanctions screening alerts generated compared to the business size and operations identified, which action would best ensure the risk area is properly managed and remediated to the best possible extent?

- A.** Reviewing the enterprise-wide risk assessment methodology
- B.** Enhancing staff training on the documentation of justification on closed alerts
- C.** Revisiting the post-transaction monitoring system parameters and thresholds
- D.** Reviewing the fuzzy logic currently adopted in the screening system

Answer: ([SHOW ANSWER](#))

A low number of sanctions screening alerts relative to the size and scope of operations may indicate overly restrictive or inappropriate monitoring parameters. Revisiting and adjusting the post-transaction monitoring system parameters and thresholds ensures that the system is calibrated to detect potential sanctions breaches effectively.

NEW QUESTION: 13

Which of the following is a critical consideration for private sector firms when sharing data and intelligence to combat financial crime?

- A.** The cost of the data-sharing system and whether it is within the existing IT budget
- B.** The preference of upper management regarding which teams should participate in the data-sharing initiative
- C.** Ensuring that the shared data complies with applicable data protection regulations while maintaining the integrity and accuracy of the information
- D.** The potential return on investment (ROI) from the data shared versus the financial crime prevention effort

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 14

According to the Egmont Group, which benefits do public-private partnerships (PPPs) provide to Financial Intelligence Units (FIUs)? (Select Three.)

- A.** Helping overcome data protection and information sharing limitations
- B.** Enhancing the quality of reporting and additional informational input
- C.** Helping to alleviate the financial cost burden on law enforcement
- D.** Helping to design common approaches and identify desired deliverables
- E.** Offering flexibility, agility, and opportunities to adjust to the ML/TF threat environment

Answer: A,B,E ([LEAVE A REPLY](#))

According to the Egmont Group and CAMS 6th Edition, PPPs benefit FIUs by:

* A: "PPPs help address challenges around data protection and facilitate information sharing between public and private sectors, overcoming common legal barriers."

* B: "PPPs result in higher-quality reports from the private sector and provide valuable additional informational input for FIUs."

* E: "These partnerships give FIUs increased flexibility and agility, allowing them to respond dynamically to evolving ML/TF threats."(CAMS 6th Edition, Egmont Group Guidance on PPPs; Egmont Group, Public-Private Partnerships for FIUs) References:

CAMS 6th Edition, Public-Private Partnerships

Egmont Group, "Public-Private Partnerships: FIU Benefits and Considerations"

NEW QUESTION: 15

When a multinational organization develops its anti-financial crime (AFC) program, what is the most important consideration for ensuring compliance across different jurisdictions?

A. Ensuring sanctions comply on international bodies like the UN because there is no requirement to adhere to local laws.

B. Ensuring group policies and procedures prioritize adherence to US regulations because they are the most influential worldwide.

C. Applying global AFC and sanctions policies to ensure consistency without the need to adapt to local regulations.

D. Ensuring group policies cater to compliance with each country's specific AML and sanctions regulations.

Answer: ([SHOW ANSWER](#))

A global organization must ensure its group policies accommodate compliance with each country's specific AML and sanctions regulations to effectively manage risks across multiple jurisdictions.

NEW QUESTION: 16

Which red flags apply to trade-based money laundering (TBML) schemes? (Choose three.)

A. Use of wire transfers

B. Loitering

C. Instructions or involvement from third parties

D. Amended letters of credit without reasonable justification

E. Non-standard settlement arrangements

Answer: ([SHOW ANSWER](#))

Trade-based money laundering red flags include third-party involvement in transactions, amended letters of credit without clear justification, and non-standard settlement arrangements, all of which can indicate attempts to disguise illicit fund movements or the true nature of the trade.

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NEW QUESTION: 17

According to guidelines issued by Basel Committee on Banking Supervision relating to corporate governance principles for banks, what is the role of the board of directors in addressing an institution's AML oversight and governance?

- A.** The board of directors should be responsible for overseeing the management of the bank's compliance risk but not involved in establishing a compliance policy that explains the processes by which compliance risks are to be identified and managed throughout the organization.
- B.** The board of directors should establish a compliance function and approve the bank's policies for identifying, assessing, monitoring, reporting, and advising on compliance risk.
- C.** The compliance function must have sufficient authority, stature, independence, and resources to be effective on its own and should not have access to the board of directors.
- D.** The compliance function should report directly to the CEO concerning the bank's compliance with applicable laws, rules, and standards and only update the board of directors on the bank's efforts in managing compliance risk when required.

Answer: (SHOW ANSWER)

The Basel Committee on Banking Supervision (BCBS) requires that the board of directors establish and oversee the compliance function and approve the bank's AML/CTF compliance policies and procedures, including processes for identifying, assessing, monitoring, and reporting compliance risks.

"The board of directors should establish a compliance function and approve compliance policies and processes for identifying, assessing, monitoring, and reporting compliance risks throughout the organization." (CAMS 6th Edition, Corporate Governance and Oversight; BCBS, Corporate Governance Principles for Banks, Principle 6) References:

CAMS 6th Edition, Governance and Oversight

BCBS: Corporate Governance Principles for Banks (2015)

NEW QUESTION: 18

The new KYC lead at a bank is particularly focused on enhancing the risk management component of its KYC program and refers to the Basel Committee's customer due diligence (CDD) principles.

Which of the following describe key improvements to a KYC program established in the Basel Committee's CDD principles? (Select Two.)

- A.** Increased frequency of training provided to front office employees

- B. Implementation of a blacklist of correspondent customers with previously detected and investigated suspicious activity
- C. Enhancement of a customer acceptance policy to more clearly identify high-risk customers
- D. Enhancement of customer identification procedures to appropriately identify trust, nominee, and fiduciary accounts

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 19

Which of the following are efficient approaches to performing horizon scanning? (Select Two.)

- A. Subscribing to a regulators' newsletter
- B. Relying on information and insights from peers and working groups
- C. Using a specific provider for regulatory horizon scanning
- D. Regularly contacting the regulator to inquire about updates and future developments

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 20

The United Nations Security Council (UNSC) is empowered to impose sanctions regimes against countries and terrorist organizations.

Which statements are true regarding sanctions imposed by the UNSC? (Select Two.)

- A. Attempts to circumvent or evade sanctions imposed by the UNSC can constitute a criminal offense if designated under local laws and regulations
- B. The UN can impose arms embargoes but cannot prohibit direct or indirect exports of other goods to specific countries
- C. Member countries of the United Nations are expected to implement and enforce sanctions imposed by the UNSC
- D. Direct breaches of sanctions imposed by the UNSC constitute a criminal offense in all member countries

Answer: ([SHOW ANSWER](#))

The United Nations Security Council (UNSC) is authorized under the UN Charter to impose binding sanctions measures on member states. These sanctions may target countries, entities, or individuals and can include arms embargoes, travel bans, asset freezes, and restrictions on trade or financial services.

Statement A is correct:

Circumventing or evading UNSC sanctions may constitute a criminal offense if the jurisdiction has incorporated UN obligations into domestic law. While the UNSC does not directly impose criminal penalties, member states must implement these measures locally, and many jurisdictions have laws that make such violations criminal acts.

Statement B is incorrect:

The UNSC is empowered to impose broad restrictions, including trade bans beyond arms, such as on luxury goods, fuel, or specific commodities. Therefore, the idea that it cannot prohibit exports beyond arms is inaccurate.

Statement Cis correct:

Member countries of the United Nations are expected to implement and enforce UNSC sanctions, in accordance with their obligations under the UN Charter (specifically Chapter VII). Countries are responsible for transposing these sanctions into their national legal frameworks.

Statement Dis incorrect:

Although member countries are required to enforce sanctions, not all countries automatically consider breaches a criminal offense. Whether a violation is criminal depends on how each country enacts UN sanctions domestically.

Reference: ACAMS CAMS Study Guide - 6th Edition, Chapter: International AML Standards-
Section:

United Nations Initiatives and Global Sanctions Framework

NEW QUESTION: 21

Who bears the ultimate responsibility for approving a financial institution's relationship with a politically exposed person?

- A. KYC analyst
- B. Relationship manager
- C. Enhanced due diligence compliance officer
- D. Senior management

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 22

What is the first step in designing an effective controls framework using a risk-based approach?

- A. Establishing risk controls
- B. Assessing risk controls
- C. Ongoing risk monitoring
- D. Conducting a risk assessment

Answer: ([SHOW ANSWER](#))

The first step in designing an effective controls framework using a risk-based approach is conducting a risk assessment. This identifies and evaluates inherent risks, providing the basis for determining which controls are necessary and how they should be prioritized.

NEW QUESTION: 23

A recruitment manager in the human resources department of a bank has shortlisted a candidate for the position of relationship manager in its private banking division.

The bank's compliance policy requires proper background checks to protect against fraud and money laundering risks.

Which resources would be most useful for identifying potential negative information regarding the shortlisted candidate? (Select Three.)

- A. Past employment records.
- B. Personal references from close associates.

- C. Personal resume.
- D. Internet and public media searches.
- E. Criminal history searches.

Answer: (SHOW ANSWER)

Financial institutions must conduct thorough background checks on employees in sensitive roles (e.g., private banking) to mitigate fraud, insider trading, and money laundering risks.

Option A (Correct): Past employment records help verify work history and identify any red flags related to prior financial misconduct.

Option D (Correct): Internet and media searches reveal any negative press, regulatory issues, or connections to illicit activity.

Option E (Correct): Criminal history searches help screen for prior convictions related to financial crimes.

Why Other Options Are Incorrect:

Option B (Incorrect): Personal references are less reliable and may not uncover objective risk factors.

Option C (Incorrect): A resume is self-reported and should be verified using independent sources.

Best Practices for Employee Background Screening:

Conduct enhanced due diligence for high-risk roles (e.g., private bankers, compliance officers).

Use reliable background screening tools and legal databases.

Verify employment history and check against regulatory blacklists.

Reference:

FATF Recommendation 18 (Internal Controls & Employee Screening)

Wolfsberg Group Guidance on AML Employee Background Checks

6th EU AML Directive (6AMLD) on Employee Due Diligence

NEW QUESTION: 24

A team overseeing the governance and effectiveness of a bank's transaction monitoring approach should implement which strategies? (Select Two.)

- A. Periodic review of suspicious activity reports (SARs) filed with FinCEN to determine whether any should be withdrawn.
- B. Periodic and ad hoc cooperation with the legal team to appropriately investigate and monitor the transactions of subjects of subpoenas or government inquiries.
- C. Periodic review of client profiles to ensure that the most up-to-date information is on file for high-risk clients in line with the bank's internal policies and procedures.
- D. Periodic review of the transaction monitoring scenarios and their productivity to ensure that appropriate AML typologies are reflected.

Answer: (SHOW ANSWER)

Transaction monitoring governance involves ensuring that AML detection systems are effective, aligned with regulatory standards, and capable of identifying evolving threats.

Option B (Correct): Legal cooperation is essential for responding to subpoenas and law enforcement inquiries.

Option D (Correct): Regularly updating transaction monitoring scenarios ensures that the system adapts to emerging financial crime trends.

Why Other Options Are Incorrect:

Option A (Incorrect): SARs cannot be withdrawn unless an error was made—once filed, SARs remain confidential and must be retained.

Option C (Incorrect): Client profile updates are a CDD/KYC function, not directly related to transaction monitoring governance.

Best Practices for Transaction Monitoring Governance:

Regularly review system effectiveness through validation tests.

Collaborate with legal and compliance teams for risk mitigation.

Use AI and data analytics to refine detection accuracy.

Reference:

FATF Recommendation 10 (Customer Due Diligence & Ongoing Monitoring)

Wolfsberg Group Guidance on Transaction Monitoring Effectiveness

Basel Committee's Guidelines on AML Technology and Data Analytics

NEW QUESTION: 25

Which ancillary departments or operational areas can play an essential role in supporting a larger organization's Anti-Money Laundering and Economic Sanctions compliance program? (Choose three.)

- A. Accounting
- B. Model risk management
- C. Technology solutions and IT security
- D. Marketing
- E. Fraud risk management

Answer: ([SHOW ANSWER](#))

Accounting can help detect irregular financial patterns, technology solutions and IT security provide systems for monitoring and data protection, and fraud risk management identifies and mitigates suspicious activities - all of which are essential to supporting AML and sanctions compliance programs.

NEW QUESTION: 26

The primary objectives of the United Nations in developing sanctions regimes include: (Choose three.)

- A. to force developing nations to adopt liberal or substantive democracies.
- B. to support governments and regimes in the peaceful resolution of conflict.
- C. to punish governments for having weak financial crime controls.
- D. to deter non-democratic and non-constitutional changes within countries.
- E. to support the protection of human rights.

Answer: ([SHOW ANSWER](#))

The United Nations develops sanctions regimes primarily to support the peaceful resolution of conflicts, deter unconstitutional or non-democratic changes in governments, and promote the protection of human rights.

These objectives aim to maintain international peace, security, and uphold global norms.

NEW QUESTION: 27

Which services provided by an accounting firm could be considered as higher risk from a financial crime perspective? (Choose three.)

- A.** Forming a trust on behalf of a customer with a complex setup and acting as a nominee director
- B.** Auditing a firm that provides payroll software to large corporate customers
- C.** Preparing financial statements for a listed or a privately owned firm
- D.** Providing tax advice to an international customer hoping to move their assets out of their home country
- E.** Assisting an offshore corporation from a jurisdiction with no available beneficial owner information to buy property in the UK

Answer: ([SHOW ANSWER](#))

Forming complex trust structures and acting as a nominee director, providing tax advice to clients moving assets across borders, and assisting offshore entities from opaque jurisdictions in acquiring property are all higher-risk services. These activities may facilitate concealment of beneficial ownership, asset flight, or the integration of illicit funds into legitimate systems.

NEW QUESTION: 28

Which of the following are considered best practices regarding senior management involvement in a financial crime compliance program? (Select Two.)

- A.** Mandatory attendance and review of all financial crime trainings
- B.** Mandatory participation in all regulatory inspections
- C.** Setting tone from the top
- D.** Setting clear criteria for escalations to senior management

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 29

Tax evasion is:

- A.** a deliberate attempt not to pay the tax which is due or obliged.
- B.** bending the rules to pay less tax than required.
- C.** not an important crime as it does not impact society.
- D.** a sophisticated process which always means the same as tax avoidance.

Answer: ([SHOW ANSWER](#))

Tax evasion is the deliberate and illegal act of not paying taxes that are legally owed. It is a criminal offense that can have serious consequences, including penalties, fines, and imprisonment.

NEW QUESTION: 30

A key factor in the independence of an AML audit is that the auditor should.

- A. have no involvement with the organization's AML/CP T compliance staff.
- B. be sufficiently trained in AML to be able to provide an independent review.
- C. have been screened by the board of directors before the audit starts
- D. have never worked in previous assignments within the AMUCFT departments.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 31

Which of the following are important AML controls for a compliance manager of a regulated asset management company in the European Union to implement? (Select Two.)

- A. Inviting prospective customers for an onboarding interview
- B. Rejecting any politically exposed persons (PEPs) as customers
- C. Understanding the source and origin of assets
- D. Performing negative news checks of prospective customers
- E. Producing financial stability reports on interesting customers

Answer: ([SHOW ANSWER](#))

* Understanding the source and origin of assets (C): According to the CAMS 6th Edition (Chapter: Customer Due Diligence and Enhanced Due Diligence) and the EU 4th & 5th AML Directives, regulated entities are required to take adequate measures to understand the source of funds and the origin of assets of their customers, especially when there are higher risk factors such as large transactions or PEPs. "Firms must identify the source and origin of assets to ensure they are not the proceeds of crime or corruption, particularly for higher-risk customers." (CAMS 6th Edition, CDD/EDD Requirements; EU Directive 2015/849, Article 20)

* Performing negative news checks of prospective customers (D): Adverse media screening is an essential part of the onboarding process for identifying potential risks related to money laundering, terrorist financing, or reputational harm. "Negative news or adverse media checks form a vital component of the due diligence process, helping organizations detect links to criminal or suspicious activities." (CAMS 6th Edition, CDD/EDD Requirements)

Incorrect Options:

- * A: Onboarding interviews may be part of EDD, but are not a standard or required AML control.
- * B: PEPs are not to be automatically rejected; instead, enhanced due diligence should be applied.
- * E: Producing financial stability reports is not an AML control, but may be relevant for credit or investment assessment.

References:

CAMS Study Guide 6th Edition, Customer Due Diligence

EU 4th AML Directive (Directive 2015/849/EU)

EU 5th AML Directive (Directive 2018/843/EU)

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NEW QUESTION: 32

The EU's 6th Anti-Money Laundering Directive (6AMLD):

- A.** Eliminated the requirement for the European Commission to conduct a risk assessment
- B.** Strengthened provisions relating to the accuracy of data submitted to central beneficial ownership registries
- C.** Extended AML oversight to crowdfunding platforms and professional football clubs
- D.** Created a central EU watchdog to combat money laundering

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 33

How can public-private partnerships (PPPs) foster collaboration in the fight against financial crime? (Choose two.)

- A.** Developing a culture of compliance
- B.** Improving governance in the public sector by requesting feedback from financial institutions
- C.** Reducing transaction monitoring false positives for all financial institutions
- D.** Improving the quality and quantity of data available for analysis by sharing information

Answer: ([SHOW ANSWER](#))

Public-private partnerships help develop a culture of compliance across sectors and improve the quality and quantity of data through information sharing, enhancing the collective ability to detect and prevent financial crime.

NEW QUESTION: 34

Which of the following risk factors are considered by many supervisory authorities as representing a higher inherent risk associated with MSBs? (Select Two.)

- A.** The use of new technologies to facilitate the onboarding of customers remotely
- B.** The prevalence of international wire transfers
- C.** Domestic business with small and medium-sized enterprises
- D.** The cash-intensive nature of the services offered
- E.** The use of digital channels and traceable payment methods

Answer: ([SHOW ANSWER](#))

Money Services Businesses (MSBs) are commonly recognized by regulatory and supervisory authorities as having higher inherent AML/CFT risk, particularly due to certain business characteristics.

Option B - The prevalence of international wire transfers:

MSBs often facilitate cross-border transactions, which present a higher money laundering and terrorist financing risk due to challenges in verifying customer identity, the origin of funds, and the end destination- especially when dealing with higher-risk jurisdictions.

Option D - The cash-intensive nature of the services offered:

Many MSBs deal primarily in cash, which increases the risk of anonymous transactions and funds layering, making it harder to trace illicit activity. Cash is the most vulnerable medium for placement of illicit funds into the financial system.

Option A and Option E, while involving modern technologies, can actually reduce risk when implemented with proper controls (e.g., secure digital onboarding and traceable payments enhance auditability).

Option C does not in itself signal high AML risk unless combined with other red flags.

Reference: ACAMS CAMS Study Guide - 6th Edition, Chapter: Industry-Specific Risks-
Section: Money Services Businesses (MSBs) and Their Risk Characteristics

NEW QUESTION: 35

Which section of the USA PATRIOT Act relates to forfeiture of funds and allows for extraterritorial reach?

- A. Section 319(a)
- B. Section 314(a)
- C. Section 314(b)
- D. Section 319(b)

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 36

News published in Country A reports that a politically exposed person (PEP) had received a bribe from a transnational company headquartered in a developing country of approximately US\$1.5 million deposited into an account at a financial institution (FI) located in Country B. Both countries are members of the Egmont Group. The account where the money was deposited belongs to the PEP's immediate family member. To corroborate the facts, the FIU of Country A sent a formal request via secure communication channels for further information from its counterpart FIU in Country B.

According to Egmont principles, the FIU of Country B can:

- A. deny the request if the FIU of Country B has not received a suspicious activity report (SAR) from the FI where the account was opened.
- B. provide the requested information only if a memorandum of understanding (MoU) is signed between Country A and Country B.
- C. direct the FIU of Country A to the FI where the account was opened for further information.

D. provide the information available to them because the exchange is between two FIUs that are members of the Egmont Group, and the formal request was made using secure communication channels.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 37

What are the primary sources of reference besides AML laws and regulations when developing and maintaining the AML policies, standards, and procedures of a bank? (Choose three.)

- A. National Risk Assessment
- B. Regulatory guidance or publications
- C. Government or state-run newspapers
- D. Guidance issued by international bodies
- E. Policies and procedures developed by other banks

Answer: ([SHOW ANSWER](#))

When developing and maintaining AML policies, standards, and procedures, banks should rely on the National Risk Assessment, regulatory guidance or publications, and guidance issued by international bodies to ensure their frameworks align with both domestic and global best practices and risk considerations.

NEW QUESTION: 38

Which strategies are most effective for prioritizing resources within an anti-financial crime (AFC) program using a risk-based approach (RBA)? (Choose two.)

- A. Prioritizing resources towards lower-risk areas to reduce workload
- B. Regularly reassessing risks to adjust resource allocation
- C. Allocating more resources to areas with higher financial crime risk
- D. Providing equal resources to all departments to maintain consistency
- E. Using a fixed resource allocation plan without adjustments

Answer: ([SHOW ANSWER](#))

A risk-based approach prioritizes allocating more resources to higher-risk areas and regularly reassessing risks to ensure resource allocation remains aligned with evolving threats and vulnerabilities. This maximizes the effectiveness of the AFC program.

NEW QUESTION: 39

A financial institution's US Branch receives a subpoena from law enforcement requesting detailed records of a customer's account activity. The customer is part of an ongoing investigation into a money laundering operation. At the same time, the institution has received a FinCEN 314(b) information-sharing request from another bank seeking details on transactions linked to the same customer. The compliance team is tasked with responding to both the subpoena and the FinCEN 314(b) request.

What should the compliance officer prioritize in responding to these requests while ensuring that all legal and regulatory obligations are met?

- A.** Notify the customer of the information-sharing request from the other financial institution and seek their consent before responding
- B.** Consult the institution's legal counsel to validate the subpoena, then respond directly to law enforcement while ensuring all documentation is properly recorded
- C.** Respond to the FinCEN 314(b) request first, as it allows for voluntary information sharing with partner organizations
- D.** Provide the requested records to both law enforcement and the other financial institution immediately to ensure full cooperation and transparency

Answer: ([SHOW ANSWER](#))

* B: When a subpoena is received, the institution should first consult with legal counsel to ensure the validity and scope of the subpoena. Compliance with law enforcement requests is mandatory and subject to strict legal obligations. All documentation and responses should be properly recorded.

* "A subpoena requires a legal response; consult legal counsel to validate the request and respond as required by law."

* FinCEN 314(b) information-sharing requests are voluntary and can proceed only after fulfilling required legal steps, such as verifying membership in the program and ensuring information-sharing agreements are in place.

* CAMS 6th Edition clarifies that "under no circumstances should a customer be notified of a law enforcement inquiry or subpoena." References:

CAMS 6th Edition, Law Enforcement Inquiries and Subpoenas

FFIEC BSA/AML Manual, Information Sharing (Sections 314(a) & 314(b))

NEW QUESTION: 40

A bank is completing a periodic KYC profile review for a customer that is a small digital marketing company based in New York City.

Which of the following would be a red flag?

- A.** The account activity includes deposit activity into both savings and checking accounts
- B.** The account activity includes deposits made in multiple branches around New York City into the same account.
- C.** The account activity includes incoming funds transfers at irregular intervals from small businesses located in New York
- D.** The account activity includes frequent purchases of tickets to industry conferences and other events.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 41

The chief compliance officer (CCO) at a bank approved offering trade finance services to a company which is established within a country with a weak democratic system routinely reviews news on upcoming targeted economic sanction regulations in the EU, a major import partner for the country's production of crude oil.

Which of the following pieces of news would be of greatest concern?

- A.** The European Commission and the High Representative issue a joint proposal for an import ban on refined oil products.
- B.** The European Commission and the High Representative issue a joint proposal for an import ban on oil extraction equipment
- C.** The Council of the European Union adopts a new export control regime for electronic equipment
- D.** The Council of the European Union adopts a new import restriction regime for goods coming from countries that do not respect human rights

Answer: ([SHOW ANSWER](#))

A proposed EU import ban on refined oil products would be of greatest concern to the bank's trade finance services, as it directly targets a core revenue-generating sector (oil production) of the company's country. This could lead to significant disruptions in trade flows, regulatory risk exposure, and potential sanctions violations.

NEW QUESTION: 42

A large international bank is conducting a comprehensive review of its risk management framework to ensure it effectively addresses various financial crime risks, including AML, CFT, sanctions, fraud, anti-bribery and corruption (ABC), and tax evasion.

The bank's compliance team is responsible for evaluating the current risk assessment processes, identifying potential gaps, and recommending enhancements to better mitigate these risks. During this review, the team needs to consider the different types of risk assessments and how to integrate findings into the overall risk management strategy.

Which approach should the compliance team prioritize to enhance the bank's ability to identify, assess, and mitigate the identified risks?

- A.** Use a static risk assessment model that remains unchanged until a significant regulatory update occurs to ensure consistency in the evaluation process over time
- B.** Delegate the risk assessment process to individual business units to conduct independently and allow for specialized assessments tailored to each unit's specific activities
- C.** Conduct a periodic enterprise-wide risk assessment that includes identifying inherent risks, evaluating the effectiveness of existing controls, and determining residual risks
- D.** Focus primarily on AML risk assessments, as these are typically the most scrutinized by regulators, while addressing other financial crime risks only when issues are identified

Answer: ([SHOW ANSWER](#))

Conducting a periodic enterprise-wide risk assessment (EWRA) is the most effective approach to identifying, assessing, and mitigating financial crime risks. It ensures all inherent risks across areas like AML, CFT, sanctions, fraud, ABC, and tax evasion are evaluated, existing controls are assessed, and residual risks are identified. This comprehensive view enables a cohesive and proactive risk management strategy aligned with regulatory expectations.

NEW QUESTION: 43

Risks associated with real estate transactions include: (Choose two.)

- A. cross-border purchases
- B. purchases in the name of a natural person
- C. paying true market price for a property
- D. non-financed purchases

Answer: ([SHOW ANSWER](#))

Cross-border purchases increase complexity and risk due to differing regulations and potential anonymity.

Non-financed purchases, especially in cash, can facilitate money laundering by avoiding traditional financial scrutiny.

NEW QUESTION: 44

According to the Basel Committee principles, which actions would make a customer identification program at a bank more robust? (Select Two.)

- A. Understanding why a customer has selected a particular financial institution for banking
- B. Verifying the identity of a customer with reputable online source documentation
- C. Limiting the online activities of a new customer during the first two months
- D. Understanding the nature and purpose behind a new business opening an account at the bank

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 45

Which statement best describes a key money laundering risk associated with virtual asset service providers (VASPs), cryptoassets, and related products?

- A. Cryptoassets can be transferred across borders quickly, but the volatility of their value still makes them less attractive for money laundering compared to traditional assets
- B. Mandatory reporting requirements have been implemented for certain types of crypto transactions, but gaps in regulation and enforcement still leave room for money laundering activities.
- C. The transparency of blockchain technology helps law enforcement trace transactions, but it can also provide criminals with ways to obscure their financial activities through complex layering techniques.
- D. The pseudonymous nature of transactions allows criminals to hide their identities while transferring large sums of money globally, making it difficult to trace the ultimate beneficial owner.

Answer: ([SHOW ANSWER](#))

The pseudonymous nature of cryptoasset transactions enables criminals to transfer large sums globally while concealing their identities. This lack of transparency poses a significant money laundering risk, as it hinders efforts to trace the ultimate beneficial owner.

NEW QUESTION: 46

The financial industry relies heavily on rules-based approaches to transaction monitoring to detect suspicious activities.

Scenario-based systems use technology and algorithms to identify: (Choose three.)

- A. fraudulent identities involving stolen or manufactured identification.
- B. suspicious behavior involving a transaction that occurs at an unusual time of day.
- C. hidden beneficial owners.
- D. transaction patterns involving transactions that exceed a certain dollar amount.
- E. anomalies involving a transaction that occurs in a location far away from the customer's usual spending patterns.

Answer: ([SHOW ANSWER](#))

Scenario-based systems use algorithms to detect suspicious behaviors, such as transactions occurring at unusual times, those exceeding specified thresholds, or those taking place in locations inconsistent with a customer's typical activity. These anomalies help identify potential financial crime risks.

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NEW QUESTION: 47

Which of the following scenarios describe common risk indicators of money laundering faced by operators of legitimate money services businesses (MSBs)? (Select Three.)

- A. A customer changes multiple high-denomination notes to low-denomination notes.
- B. A customer has a family link to the destination of a money transfer
- C. A customer conducts cash transactions using multiple branches of the MSB on the same day.
- D. A customer only wants to deal with a particular employee in the MSB.
- E. A customer sends and receives money transfers in equal amounts at or about the same time.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 48

A compliance officer is completing a case and has determined that the events do not merit filing a suspicious activity report (SAR).

Which of the following should be included in the case notes to justify not filing a SAR? (Choose two.)

- A. Who made the decision not to file the SAR
- B. Why the officer deemed that the case did not merit filing a SAR
- C. How much money was involved in the case
- D. How the money flowed through the institution

E. When the unusual activity occurred

Answer: ([SHOW ANSWER](#))

Case notes should document who made the decision and the rationale for not filing the SAR to ensure transparency, support auditability, and demonstrate compliance with regulatory expectations.

NEW QUESTION: 49

Which statement best describes an organizational challenge for law enforcement agencies and Financial Intelligence Units (FIUs) when conducting cross-border money laundering (ML) investigations?

- A. Defining a common communication approach and language between all involved parties.
- B. Delays in the investigation due to a foreign FIU awaiting the results of queries performed by third parties.
- C. Conducting an investigation in all countries through which ML funds were transferred when one or more of the countries do not have an FIU.
- D. Investigations which involve high-ranking politicians, who often have influence over the local FIU.

Answer: ([SHOW ANSWER](#))

One of the biggest organizational challenges for law enforcement agencies and Financial Intelligence Units (FIUs) in cross-border money laundering (ML) investigations is dealing with jurisdictions that do not have an FIU or lack proper AML enforcement structures. When funds are transferred through countries without effective AML frameworks, it becomes difficult to trace, freeze, or recover illicit assets.

Key challenges include:

Lack of mutual legal assistance agreements (MLAs), which slows down or prevents information-sharing.

Weak AML regulations in some countries, making it easier for criminals to exploit financial systems.

Jurisdictional conflicts, as different countries have different legal definitions and enforcement mechanisms for money laundering.

NEW QUESTION: 50

According to the Financial Action Task Force's (FATF's) "Guidance for a Risk-Based Approach Life Insurance Sector," which of the following are money laundering red flags relating to the involvement of a third party in a life insurance product? (Select Two.)

- A. A customer engages an attorney to consult on the issuance of the policy.
- B. A customer transfers the policy to another insurance company unaffiliated with the original policy issuer.
- C. Payments are regularly received from third parties that have no apparent relationship with the policy holder.
- D. A customer names an apparently unrelated third party as a beneficiary.

Answer: ([SHOW ANSWER](#))

FATF and CAMS 6th Edition highlight certain third-party activities as red flags for money laundering in the life insurance sector:

* Payments are regularly received from third parties that have no apparent relationship with the policy holder (C): "Red flags include payments made by third parties, especially where there is no apparent connection between the third party and the policy holder." (FATF, Risk-Based Approach for Life Insurance Sector, Section IV: Red Flags; CAMS 6th Edition, Customer Due Diligence for Life Insurance)

* A customer names an apparently unrelated third party as a beneficiary (D): "Another warning sign is when beneficiaries have no apparent relation to the policyholder." (FATF, Ibid; CAMS 6th Edition, Life Insurance ML/TF Red Flags) Incorrect Options:

* A: Consulting an attorney is not, by itself, a red flag.

* B: Policy transfer may warrant review but is not specifically a red flag for third-party involvement.

References:

CAMS 6th Edition, Life Insurance ML/TF Risks

FATF, Guidance for a Risk-Based Approach for the Life Insurance Sector (October 2018)

NEW QUESTION: 51

How do nominees benefit criminals misusing them for money laundering purposes? (Select Two.)

A. Derail investigations

B. Obscure beneficial ownership

C. Allow beneficial owners to provide proxies for voting on corporate decisions

D. Allow domicile in the nominee's jurisdiction

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 52

A financial institution is conducting an enterprise-wide risk assessment (EWRA) and has identified a high inherent risk of money laundering associated with its private banking division due to the clientele's high net worth and complex financial structures. However, the institution has implemented robust customer due diligence (CDD) and enhanced due diligence (EDD) procedures, along with sophisticated transaction monitoring systems.

How would these controls impact the assessment of residual risk?

A. The residual risk would be significantly reduced due to the effectiveness of the controls in place

B. The residual risk would be moderately reduced, but further controls may be necessary to achieve an acceptable level

C. The residual risk would remain high due to the inherent nature of the private banking business

D. The residual risk would be eliminated entirely because the controls are sufficient to mitigate all potential risks

Answer: ([SHOW ANSWER](#))

In an Enterprise-Wide Risk Assessment (EWRA), residual risk is the level of risk that remains after applying mitigating controls to the inherent risk (the risk present before controls are applied). In this scenario, the inherent risk is high due to the nature of private banking—high net worth clients, cross-border transactions, complex ownership structures, and high-value financial products. However, the institution has implemented robust CDD and EDD, as well as advanced transaction monitoring systems.

According to the CAMS Study Guide - 6th Edition, when effective and properly implemented controls are in place, they can significantly reduce the residual risk—even in high-risk business areas like private banking.

However, no control framework can eliminate all risk entirely.

Option A is correct: Controls can significantly reduce the residual risk when strong, effective systems and procedures are in place.

Option B is partially true but suggests inadequacy, which is not indicated here.

Option C incorrectly assumes residual risk cannot be lowered even with controls.

Option D is incorrect because residual risk cannot be eliminated entirely.

Reference: ACAMS CAMS Study Guide - 6th Edition, Chapter: Enterprise-Wide Risk Assessment (EWRA)- Section: Inherent Risk vs. Residual Risk and the Role of Controls

NEW QUESTION: 53

How can awareness be raised within countries that do not have sanctions regulatory regimes? (Select Two.)

- A. Restrict trade between countries that have robust AML/CFT and sanctions regulatory regimes and those that do not.
- B. AFC (Anti-Financial Crime) and sanctions-related seminars, webinars, and training within these countries.
- C. Enforcement and pecuniary fines against these countries.
- D. Bilateral conversations and cooperation between governments.

Answer: (SHOW ANSWER)

Many jurisdictions lack robust sanctions frameworks, requiring international cooperation and education to improve compliance.

Option B (Correct): Educational initiatives such as AML/sanctions training and workshops help raise awareness and build capacity.

Option D (Correct): Bilateral cooperation allows knowledge-sharing and technical assistance between regulatory authorities.

Why Other Options Are Incorrect:

Option A (Incorrect): Trade restrictions may pressure non-compliant nations, but they do not directly improve sanctions awareness.

Option C (Incorrect): Enforcing fines without prior education or assistance is ineffective and may create diplomatic tensions.

Best Practices for Sanctions Awareness & Compliance:

Develop international AML/sanctions training programs for emerging markets.

Encourage diplomatic engagement to strengthen legal frameworks.

Leverage FATF's Mutual Evaluation process to assess progress.

Reference:

FATF Recommendation 6 (Sanctions & International Cooperation)

OFAC Guidance on Sanctions Compliance for Emerging Jurisdictions

Egmont Group Guidelines on Information Sharing & Capacity Building

NEW QUESTION: 54

Which of the below statements are supported by the Financial Action Task Force (FATF) 40 Recommendations adopted in 2012? (Select Two.)

- A.** Regulators should direct Financial Institutions to establish appropriate frameworks to avoid banking higher risk customers.
- B.** Nations should take measures to ensure there is transparency to the beneficial ownership of legal persons.
- C.** Nations should work towards implementing targeted financial sanctions in alignment with the UN Security Council.
- D.** Customer privacy regulations should guide the development of due diligence and other money laundering and terrorist financing preventive measures.
- E.** Nations should establish frameworks that take a risk-based approach to prevent and mitigate money laundering and terrorist financing.
- F.** Governments must work toward developing identical administrative and operational frameworks for investigating and prosecuting crime.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 55

The compliance officer at a casino in Taiwan discovers that the casino received multiple cash deposits from a customer just below the Large-Amount Transaction Report (LTR) limit on consecutive days. The customer used three different betting accounts.

What is the appropriate next step?

- A.** Follow internal reporting procedures to escalate the activity as suspicious and report to appropriate authorities
- B.** Contact law enforcement to launch an Investigation into the customer's financial activities
- C.** Make a note in the customer's account that the customer's gambling activities are frequently conducted below the reporting limit
- D.** Inform the customer their activity is suspicious and request an explanation

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 56

Why is the prevention of financial crime so important?

- A.** Financial crime does enormous damage to society, undermining market integrity and consumers' and market participants' confidence

- B. Financial crime risk incidents always result in fines and losses for the financial firm
- C. Financial crime prevention processes make the onboarding process for clients unnecessarily burdensome and complex but create work
- D. Financial crime prevention is important as it reduces costs and improves customer services.

Answer: ([SHOW ANSWER](#))

Preventing financial crime is essential because it protects society by maintaining market integrity and public confidence, reducing the harm caused by illicit activities such as money laundering, fraud, and corruption.

NEW QUESTION: 57

A financial institution's (FI's) policy is to apply enhanced due diligence (EDD) for every new client to ensure the effectiveness of the program.

How should a consultant advise the FI's management team?

- A. Suggest EDD for 50% of the clients is appropriate.
- B. Suggest the management team select the clients that are chosen for EDD.
- C. Suggest the FI needs to implement a risk-based approach for EDD.
- D. Suggest the management team ask the regulator for advice on EDD measures.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 58

Which of the following businesses require enhanced or additional scenarios for identifying anomalous transactions? (Select Two.)

- A. Companies operating in cash intense businesses not subject to licensing requirement
- B. Companies operating in cash intense businesses subject to licensing requirement
- C. Companies operating retail shops countrywide
- D. Companies operating hospitals and health-care services
- E. Companies producing pharmaceutical products and medical devices, companies active in the mining industry

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 59

How does the Financial Action Task Force (FATF) measure the effectiveness of a country's efforts to combat money laundering and terrorist financing?

- A. Mutual evaluation
- B. FATF Evaluation Committee
- C. Basel Committee
- D. Series of internal audits followed by reporting to FATF

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 60

A bank in the Netherlands has been requested to share information about a series of transactions and related customers with a bank in Italy. Both banks are subject to European Union jurisdiction. Which factor is the most important to consider before the Dutch bank shares the requested information with the Italian bank?

- A. The Dutch bank should limit any information sharing to what is necessary, reasonable, and proportionate, in line with applicable laws and regulations
- B. The Dutch bank should require a production order from the Italian bank and receive approval from its legal department before sharing the requested information
- C. The need to fight financial crime outweighs the EU's data protection and privacy regulations
- D. The Dutch bank's legal obligations to protect customer privacy and bank secrecy prohibit it from sharing any such information

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 61

Professions such as lawyers, accountants, and trust and company service providers (TCSPs) are sometimes referred to as "gatekeepers" because they:

- A. often do not understand and are not covered by money laundering laws and regulations, unwittingly allowing criminals to enter the legitimate economy.
- B. are an entry point to the financial system and a first line of defense against the infiltration of illicit funds into the legitimate economy.
- C. are required under money laundering laws and regulations in all jurisdictions to stop any criminals from being able to integrate illicit funds into the legitimate economy.
- D. are high-risk actors who can deliberately allow criminals to enter the legitimate economy.

Answer: ([SHOW ANSWER](#))

Lawyers, accountants, and TCSPs are considered gatekeepers because they serve as an entry point to the financial system and act as a first line of defense in preventing illicit funds from being integrated into the legitimate economy through their services and professional expertise.

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NEW QUESTION: 62

An internal audit team is reviewing the anti-financial crime (AFC) program of its firm.

Which of the following attributes of the third line of defense would be most critical to ensure unbiased and effective oversight?

- A. Consistency of approach
- B. Periodic training of the function
- C. Qualification of the team
- D. Independent testing

Answer: ([SHOW ANSWER](#))

Independent testing is critical for the third line of defense to provide unbiased and effective oversight, ensuring that reviews and audits are objective and free from influence by the first or second lines of defense.

NEW QUESTION: 63

Reference data screening includes the screening of which types of datasets? (Select Two.)

- A. Types of payment messages
- B. Customers
- C. Third-party service providers
- D. Customer spouses

Answer: ([SHOW ANSWER](#))

Reference data screening is a core element of AML/CFT programs and typically covers:

* Customers (B): "All customers must be screened against sanctions, PEP, and adverse media lists as part of onboarding and ongoing due diligence." (CAMS 6th Edition, Due Diligence and Screening)

* Third-party service providers (C): "Screening should extend to relevant third parties, such as agents and service providers, to prevent indirect exposure to sanctioned entities." (CAMS 6th Edition, Third-Party Screening; FATF Recommendations) Incorrect Options:

* A: Types of payment messages are not screened; the entities/individuals are.

* D: Customer spouses may be screened in some KYC processes but are not a standard dataset for reference screening.

References:

CAMS 6th Edition, Due Diligence and Screening

FATF Recommendations 10, 13, and 16

NEW QUESTION: 64

Which of the following accurately describes the economic, reputational and social consequences of money laundering (ML) and the risks and consequences of violating AFC regulations? (Choose two.)

A. ML undermines the integrity and stability of financial systems and makes them vulnerable to illegal activity. This can erode investor confidence and hinder economic growth.

B. When a financial institution (FI) is found to be promoting ML or violating AFC regulations, this can lead to a loss of confidence in the institution and a loss of customers. Interestingly, this scenario might sidestep any legal consequences for the FI.

C. When laundered funds flow into legitimate economies, they can be used for illegal purposes, such as funding terrorist activities or organized crime. This distorts resource allocation and undermines development.

D. Jurisdictions perceived as having insufficient ML measures might be identified as uncooperative or high-risk, potentially facing restricted access to international markets, though economic sanctions by other countries are an unlikely outcome.

Answer: ([SHOW ANSWER](#))

Money laundering corrodes financial-system integrity, eroding investor confidence and impeding sustainable economic growth.

Illicit funds entering legitimate economies can finance terrorism and organized crime, skew resource allocation, and stifle development.

NEW QUESTION: 65

Which of the options below is an indicator of potential insider activity that may warrant escalation For further investigation?

A. A relationship manager makes an exception to company policy and proceeds with onboarding a customer without documenting a passport for customer identification

B. An If employee shares information about a firm's risk management framework with employees of other firms at an industry convention.

C. A relationship manager advocates for overriding the results of the company's client risk rating model that resulted in a client's high-risk rating.

D. An investigator does not complete the automated transaction monitoring system alerts assigned to them before the time required by company procedures.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 66

Which customer actions are red flags for virtual currency peer-to-peer transactions? (Choose two.)

A. A customer receives funds from a popular decentralized mixer

B. A customer uses funds from their monthly income to purchase virtual currency

C. A customer makes a transaction on the blockchain that their traditional financial institution is unaware of

D. A customer receives multiple wires from different sources and uses those funds to purchase virtual currency

Answer: ([SHOW ANSWER](#))

Receiving funds from a decentralized mixer and using multiple incoming wires from different sources to purchase virtual currency are red flags, as they can indicate attempts to obscure the origin of funds and facilitate money laundering through virtual asset transactions.

NEW QUESTION: 67

Interactions between the compliance department and other functions or departments within an organization contribute to making the anti-financial crime (AFC) compliance program more robust by addressing specific risk areas.

Which departments play a crucial role in enhancing the AFC compliance program of an organization? (Select Two.)

- A.** Information security office (ISO)
- B.** Marketing and sales
- C.** Human resources (HR)
- D.** Data privacy office (DPO)

Answer: ([SHOW ANSWER](#))

* A (ISO): Ensures information security controls are aligned with AFC efforts, protecting sensitive data and reducing the risk of cyber-enabled financial crime.

* D (DPO): Helps ensure compliance with data privacy laws and enables secure, lawful information- sharing for AML purposes.

* "Collaboration with the ISO and DPO is critical to maintaining data security and privacy within AFC compliance frameworks."(CAMS 6th Edition, Governance and Cross-Functional Collaboration) References:

CAMS 6th Edition, Governance and Controls

FATF Guidance on Data Protection and Information Sharing

NEW QUESTION: 68

Which of the following best describes the degree of cooperation between regulatory authorities, law enforcement agencies, and Financial Intelligence Units (FIUs) during money laundering investigations, including cross-border cases?

- A.** Regulatory authorities primarily work independently but share information when requested by international law enforcement agencies.
- B.** FIUs primarily handle reporting from financial institutions, while regulatory authorities and law enforcement agencies are limited to enforcing domestic AML laws without international cooperation.
- C.** Law enforcement agencies and FIUs only cooperate during domestic investigations, leaving cross- border investigations to international organizations like INTERPOL.
- D.** Regulatory authorities, law enforcement agencies, and FIUs share intelligence and coordinate efforts to streamline cross-border money laundering investigations, often through formal agreements.

Answer: ([SHOW ANSWER](#))

* D: "Cooperation and coordination between regulatory authorities, law enforcement agencies, and FIUs are essential for effective AML investigations, especially in cross-border cases. This is often accomplished through formal agreements, MOUs, and information-sharing mechanisms."(CAMS 6th Edition, International Cooperation in AML/CFT; FATF Recommendations 36-40) References:

CAMS 6th Edition, International Cooperation

NEW QUESTION: 69

When applying new technologies to AML, application programming interfaces (APIs) allow for:

- A. Digital identification on mobile devices
- B. Different applications to connect and communicate
- C. Authentication via artificial intelligence (AI) and biometrics
- D. Quick CDD and client traits analysis during onboarding

Answer: [\(SHOW ANSWER\)](#)

Application Programming Interfaces (APIs) are tools that enable interconnectivity and data exchange between different software applications. In AML contexts, APIs are commonly used to integrate third-party systems, such as screening tools, customer databases, and transaction monitoring platforms, ensuring real-time and accurate flow of information.

This technological capability supports enhanced automation, agility, and efficiency in AML processes.

Reference: ACAMS CAMS Study Guide - 6th Edition, Chapter: Technology and AML-
Section: Emerging Technologies and APIs in Compliance

NEW QUESTION: 70

The Financial Action Task Force (FATF) routinely publishes a catalogue of jurisdictions requiring enhanced monitoring which is commonly called the:

- A. white list
- B. grey list
- C. red notice
- D. yellow notice

Answer: B [\(LEAVE A REPLY\)](#)

NEW QUESTION: 71

The goal of the Egmont Group of Financial Intelligence Units (FIUs) is to provide a forum for FIUs to:

(Select Three.)

- A. Propose legislation to combat financial crime, including money laundering and the financing of terrorism
- B. Sign memoranda of cooperation that recognize and allow room for case-by-case solutions to specific problems
- C. Establish an environment to foster trust amongst countries
- D. Securely share sensitive information in the fight against money laundering and the financing of terrorism
- E. Improve global cooperation between FIUs

Answer: [\(SHOW ANSWER\)](#)

NEW QUESTION: 72

Which principles of the Egmont Group of Financial Intelligence Units (FIUs) are aimed at maximizing cooperation between FIUs to more effectively combat money laundering? (Select Two.)

- A. It is within an FIU's authority to sign Memorandums of Understanding independently
- B. Formal Egmont Group membership requirements ensure a high commitment of the eligible FIUs
- C. FIU cooperation should always be channeled through designated intermediaries
- D. Eliminating spontaneous information sharing between FIUs to reduce the burden of excess investigative work
- E. Information exchange should take place informally, without too many formal prerequisites

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 73

Red flags for potential money laundering in real estate include completing luxury real estate purchases.

(Select Two.)

- A. using legal entities and intermediaries to protect the privacy of the purchasers.
- B. using loans backed by cash or certificates of deposit.
- C. in the names of unrelated third parties.
- D. using the proceeds from selling a prior property or liquidating investments to make an all-cash purchase
- E. using shell companies or trusts for privacy, tax planning, or asset protection.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 74

Which collective body of Financial Intelligence Units (FIUs) was formed with an objective to improve information exchange and sharing mechanisms among member FIUs as well as to support its members by enhancing their capabilities?

- A. The Egmont Group
- B. The Organisation for Economic Co-operation and Development (OECD)
- C. The Wolfsberg Group
- D. The International Monetary Fund (IMF)

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 75

A compliance officer is reviewing an institutional banking prospect proposal for a new foreign entity that is a multinational business but headquartered in a country where most businesses are state-owned.

Which risks should be prioritized in the review? (Choose two.)

- A. Politically exposed persons (PEPs)

- B. Capital flight risk
- C. Anti-bribery and corruption risk
- D. Tax evasion

Answer: ([SHOW ANSWER](#))

The review should prioritize politically exposed persons (PEPs) risk, as state ownership increases the likelihood of political connections, and anti-bribery and corruption risk, since such environments may have higher exposure to corrupt practices and misuse of influence.

NEW QUESTION: 76

An EU Trust and Company Service Provider analyst notices some unusual activity while looking through a customer's financial statements and detailed general ledger. The customer is in the business of importing and exporting machineries.

Which transaction indicator warrants further escalation to the compliance officer?

- A. The payment of company secretarial retainer fees to a foreign company in a tax-efficient jurisdiction
- B. The payment of virtual offices services overseas
- C. Inter-company loans from the holding company to the subsidiary company to finance the shipment of machinery
- D. The payment of consultancy fees to unrelated companies and service providers established in a foreign jurisdiction

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 77

Unusual wire transfer transactions can include: (Choose two.)

- A. wire transfers in different currencies between accounts held at different banks for the same client.
- B. an incoming third-party wire transfer followed by the purchase of real estate in the client's name.
- C. an incoming wire transfer followed by the loan payment to a third party that is a business associate of the client.
- D. multiple wire transfers sent to counterparties associated with the client as per KYC documentation.

Answer: A,B ([LEAVE A REPLY](#))

Unusual wire transfer transactions may include transfers in different currencies between accounts at different banks for the same client, which can be used to obscure fund flows, and incoming third-party transfers followed by real estate purchases, which may indicate layering and integration stages of money laundering.

These patterns deviate from typical financial behavior and warrant closer scrutiny.

NEW QUESTION: 78

Money services businesses (MSBs), payment service providers, and e-commerce platforms usually have a high volume of daily transactions.

What are the risks associated with these types of businesses? (Choose two.)

- A.** These businesses are all cash intensive, increasing the risk of financial crime
- B.** KYC challenges arise because e-commerce platforms face global customers making customer due diligence complex and resource intensive
- C.** These businesses are highly regulated and therefore have no reason to be non-compliant as this would put them at risk of sanctions and fines
- D.** Criminals can make use of identity fraud to fulfill KYC processes for layering purposes
- E.** The settlement systems of these businesses are not sophisticated enough to cope with the high transaction volume

Answer: ([SHOW ANSWER](#))

E-commerce platforms face KYC challenges due to a global and diverse customer base, making due diligence complex, while criminals may exploit identity fraud to pass KYC checks and facilitate layering in money laundering schemes. These factors increase the financial crime risks for such businesses.

NEW QUESTION: 79

A recruitment manager in the human resources department of a bank has shortlisted a candidate for the position of relationship manager in its private banking division. The compliance policy of the bank stipulates that proper background checks on new employees must be completed by the recruiting team to protect the bank against potential risks, including fraud and money laundering. Which resources would be most useful for identifying any potential negative information regarding the shortlisted candidate? (Select Three.)

- A.** Personal references from close associates
- B.** Past employment records
- C.** Personal resume
- D.** Criminal history searches
- E.** Internet and public media searches

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 80

Which benefits are most commonly associated with transitioning from a rules-based approach to artificial intelligence (AI) and machine learning-based tools in transaction monitoring? (Choose three.)

- A. Reduction in the number of false positives in long term
- B. Complete automation of compliance processes
- C. Elimination of the need for human oversight
- D. Increased flexibility in adapting to changing financial crime risks
- E. Enhanced ability to detect emerging patterns and anomalies

Answer: (SHOW ANSWER)

Transitioning to AI and machine learning in transaction monitoring offers benefits such as long-term reduction in false positives, improved adaptability to evolving financial crime risks, and enhanced detection of complex or emerging patterns and anomalies that rules-based systems may miss.

NEW QUESTION: 81

The recently appointed senior money laundering reporting officer (MLRO) at a newly opened small digital bank has been instructed by the group chief compliance officer to implement an effective AML transaction monitoring system that can identify unusual and suspicious transactions.

What are important considerations for the project to select and implement the AML transaction monitoring system at the digital bank? (Select Two.)

- A. Whether the vendor has documented appropriate internal controls for designing system and data integration schema
- B. Whether the permissions and user access settings for reviewing, investigating, and reporting details of alerts generated by the system are commensurate with those in use at other banks
- C. Whether the monitoring system is adequate with respect to the bank's size, activities, complexity, and risks
- D. Whether the monitoring system can be configured to enable the bank to execute trend analysis of transaction activity and to identify unusual business relationships and transactions

Answer: (SHOW ANSWER)

* C: "The system must be adequate and proportionate to the bank's size, activities, complexity, and risk profile. A one-size-fits-all solution is not appropriate."

* D: "Effective monitoring systems should support the detection of unusual trends and business relationships, facilitating meaningful analysis and alerts." (CAMS 6th Edition, Transaction Monitoring System Requirements) Incorrect:

* A: Vendor internal controls are important, but not a top selection criterion for AML system effectiveness.

* B: Permissions should be appropriate for the bank's structure, not just compared to other banks.

References:

CAMS 6th Edition, Selecting and Implementing Monitoring Systems

NEW QUESTION: 82

Which of the following are key components of the Know Your Customer (KYC) process? (Select Two.)

- A. Asking to provide a list of immediate family members
- B. Inquiring about the source of wealth and source of funds
- C. Verifying the financial crime awareness of the client
- D. Collecting necessary documents to verify the veracity of information

Answer: B,D ([LEAVE A REPLY](#))

NEW QUESTION: 83

In a standard customer due diligence (CDD) process focused on financial inclusion, the Financial Action Task Force (FATF) Recommendations require: (Choose two.)

- A. identification of the customer's occupation.
- B. identification and verification of the customer's identity.
- C. identification of the customer's work address.
- D. identification of the beneficial owner.
- E. verification of the customer's credit history.
- F. [verification of the customer's income sources.

Answer: ([SHOW ANSWER](#)**)**

Verifying a customer's identity is a fundamental CDD requirement under the FATF Recommendations, ensuring you know who your customer is.

Identifying the beneficial owner is required to uncover the natural persons ultimately controlling or benefiting from an account, closing the gap that would allow misuse of corporate vehicles.

NEW QUESTION: 84

An employee at a financial institution (FI) suspects that one of their co-workers is involved in a financial investment scam syndicate. Which step should be taken next by the employee who has the suspicion?

- A. Question their co-worker to determine If their suspicions are correct before reporting to the FI's Human Resources department
- B. Use the FI's whistle blowing channel to report the suspected employee
- C. Report the suspected employee to the line manager of the F1 to take the required action
- D. Warn colleagues and customers of the F1 that the employee's suspicious financial investment proposals could be a scam
- E. Conduct an open-source intelligence investigation using artificial intelligence tools to gain more information on the activities of the suspected employee

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 85

What are the roles of a government Financial Intelligence Unit (FIU)? (Select Three.)

- A. Receive reports of suspicious transactions and suspicious activities from reporting institutions or obliged institutions

- B.** Disseminate the analysis of suspicious transaction and suspicious activity reports to local law enforcement agencies and foreign FIUs to combat money laundering
- C.** Analyze all suspicious transaction and suspicious activity reports received from reporting institutions or obliged institutions
- D.** Disseminate analysis of suspicious transaction and suspicious activity reports to foreign judicial systems to enhance their anti-money laundering and terrorist financing investigations and prosecutions
- E.** Investigate and where appropriate prosecute all suspicious transaction and suspicious activity reports received from reporting institutions or obliged institutions

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 86

The transaction monitoring system of a bank generated an alert for a car wash client. After making large cash deposits, the client orders international wire transfers.

Which additional circumstances would make the case more suspicious?

- A.** The beneficiary of the wire transfers is a foreign company whose shareholders and director are other companies
- B.** The wire transfers are for different amounts but with the same beneficiary
- C.** The beneficiary of the wire transfer is a resident of a grey-list country
- D.** The beneficiary of the wire transfers is a resident of a foreign country bearing the same family name as the business owner

Answer: ([SHOW ANSWER](#))

The suspicion increases when the beneficiary is a foreign company whose shareholders and director are other companies, as this can indicate the use of layered corporate structures to obscure the ultimate beneficial owner and conceal illicit fund flows.

NEW QUESTION: 87

Which scenario best justifies why a customer's account might be closed by a financial institution?

- A.** The account shows periodic fixed amount remittances for tuition fees.
- B.** The customer uses a shipping company dealing with specially designated nationals.
- C.** The account has transactions that triggered multiple suspicious activity reports.
- D.** The customer is the object of a civil subpoena.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 88

A key advantage of privacy enhancing technologies (PETs) in anti-money laundering is that they offer:

- A.** simultaneous encryption and decryption for underlying data.
- B.** full access to underlying data with full and uninterrupted calculations made on the data.
- C.** secure processing of data while it remains encrypted.
- D.** transfer, decryption and storage of data by the data processor.

Answer: (SHOW ANSWER)

A key advantage of privacy enhancing technologies (PETs) in anti-money laundering is their ability to securely process data while it remains encrypted. This enables data analysis and collaboration without exposing sensitive information, helping to maintain privacy while still supporting financial crime detection.

NEW QUESTION: 89

A compliance officer is developing management reporting information to provide leadership with insights into the financial crime risk related to an institution's customer population.

Which of the following is a key risk indicator to include in the reporting to allow leadership to monitor whether there are any key changes to the inherent risk of the customer population? (Choose two.)

- A.** Percentage of regulatory reports for high-risk customers not completed within the required regulatory deadlines
- B.** Percentage change of transaction monitoring alerts escalated for investigation compared to the previous quarter
- C.** Percentage of customers for whom onboarding verification was not completed within KYC policy service-level agreement (SLA) requirements
- D.** Number and percentage of senior politically exposed persons (PEPs) who were onboarded in the past quarter compared to all active customers

Answer: (SHOW ANSWER)

Percentage change in transaction monitoring alerts escalated for investigation and number/percentage of senior PEPs onboarded are key risk indicators that can highlight shifts in the inherent risk profile of the customer base, enabling leadership to proactively address emerging financial crime risks.

NEW QUESTION: 90

The US Department of the Treasury notes that which of the following represent high money laundering risk when de-risked from traditional financial institutions (FIs)? (Choose two.)

- A.** Money services business (MSB)
- B.** Multinational corporations
- C.** Individual foreign customers
- D.** Non-profit organizations with international operations

Answer: (SHOW ANSWER)

The US Department of the Treasury identifies money services businesses (MSBs) and non-profit organizations with international operations as high money laundering risks when they lose access to traditional financial institutions, as this can push them toward less regulated channels that are more vulnerable to abuse.

NEW QUESTION: 91

Which of the following serves as an example of a successful public-private partnership (PPP)?

- A. The Financial Action Task Force (FATF)
- B. The AUSTRAC Fintel Alliance
- C. The Egmont Group
- D. The Wolfsberg Group

Answer: (SHOW ANSWER)

The AUSTRAC Fintel Alliance is a successful example of a public-private partnership (PPP). It brings together government agencies and private sector organizations to collaborate on detecting, preventing, and disrupting financial crime through shared intelligence, technology, and expertise.

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NEW QUESTION: 92

Which activities would be considered money laundering red flags when reviewing the business operations of a money services business (MSB)? (Select Two.)

- A. A customer being hesitant to provide beneficiary name or address information when sending international wire transfers
- B. Cash-intensive businesses, such as convenience stores or restaurants, making large cash deposits
- C. A customer exchanging foreign currency from a higher-risk jurisdiction for domestic currency under the reporting threshold
- D. A customer using multiple accounts under different names to conduct transactions
- E. A customer completing frequent small-dollar international money transfers to their native country

Answer: (SHOW ANSWER)

When reviewing business operations of a Money Services Business (MSB), it is critical to identify behaviors that indicate potential money laundering activity. The CAMS Study Guide - 6th Edition outlines several red flags commonly associated with MSBs.

Option A is correct:

A customer being hesitant to provide beneficiary information, such as the name or address, is a red flag. It may indicate attempts to hide the true purpose or recipient of the funds and could suggest structuring or layering activity.

Option D is correct:

A customer using multiple accounts under different names to conduct transactions is a strong red flag. This could indicate efforts to obscure ownership, avoid detection, or conduct suspicious structuring behavior to stay below reporting thresholds.

Option B is incorrect:

While large cash deposits from cash-intensive businesses may require further review, they are not inherently suspicious unless inconsistent with the nature of the business or transaction volume.

Option C is incorrect:

Currency exchanges under the reporting threshold, even from high-risk jurisdictions, are not in themselves red flags unless they show a pattern of structuring or are part of larger suspicious behavior.

Option E is incorrect:

Frequent small-dollar transfers to a native country may be normal remittance behavior and only become suspicious if tied to additional indicators such as structuring or third-party involvement.

Reference: ACAMS CAMS Study Guide - 6th Edition, Chapter: Recognizing and Reporting Suspicious Activity- Section: Red Flags for Money Services Businesses

NEW QUESTION: 93

When making an independent determination on whether to close an account based on an internal investigation, a financial institution (FI) should consider. (Select Five.)

- A. the FI's policies and procedures.
- B. reputational risk.
- C. the customer's personal relationships.
- D. the frequency of account activity
- E. correspondence with law enforcement
- F. the legal basis for closing the account.
- G. the seriousness of the underlying conduct.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 94

A real estate buyer purchases multiple high-value properties in cash through a series of transactions in a short period of time and without any clear economic justification.

Which of the following is the most likely money laundering risk associated with this behavior in the real estate sector?

- A. The buyer is using high-value real estate transactions to obscure the origin of the funds.
- B. The buyer is quickly diversifying their investment portfolio through structuring payments in order to take advantage of the liquidity of cash transactions in real estate.
- C. The buyer is capitalizing on favorable market conditions and using cash purchases to outbid competitors in a competitive real estate market using insider information.
- D. The buyer is a real estate developer acquiring multiple properties for a potential redevelopment project with a business partner located in a high-risk jurisdiction.

Answer: ([SHOW ANSWER](#))

* A: The purchase of high-value real estate using cash in multiple transactions-especially without clear economic justification-is a classic money laundering typology. The goal is typically to integrate illicit funds into the legitimate economy and obscure their origin.

* "Large cash purchases of property without an obvious economic rationale are a significant red flag for money laundering in the real estate sector."

* This typology is highlighted in CAMS 6th Edition and the FATF's guidance on real estate ML/TF risks.

References:

CAMS 6th Edition, Real Estate and ML Typologies

FATF, Money Laundering and Terrorist Financing through the Real Estate Sector

NEW QUESTION: 95

Which of the following processes or tools contribute to AML compliance despite being seemingly unrelated?

(Choose two.)

- A. Customer loyalty program tracking
- B. Product usage analysis
- C. Customer satisfaction surveys
- D. Customer support ticket tracking
- E. Credit risk assessment

Answer: ([SHOW ANSWER](#))

Customer loyalty program tracking and product usage analysis can uncover unusual patterns or behaviors that deviate from expected norms. These insights may help detect suspicious activity or hidden risks, making them valuable tools for supporting AML compliance even if not directly linked to traditional monitoring systems.

NEW QUESTION: 96

Which statement regarding data privacy is the most accurate in the context of AML investigations?

- A. Organizations are required to demonstrate that customers have opted into information sharing before submitting suspicious activity reports to relevant financial intelligence units (FIUs)
- B. FIUs should document purposes for which personal data included on suspicious activity reports may be shared with other agencies
- C. Data privacy laws prohibit information sharing between financial institutions for the purposes of AML investigations in all jurisdictions
- D. Any customer that is the subject of a suspicious report filing has the right to request redaction of their personal data

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 97

A financial institution is exploring automation to assist investigators in reviewing flagged transactions.

Currently, investigators spend a significant amount of time gathering data from multiple sources. Which of the following automation features would be most effective in improving investigator efficiency?

- A. Pre-populated templates for SAR filing
- B. Integration of open-source tools to gather real-time intelligence
- C. Automated case prioritization based on risk scoring
- D. AI-powered dashboards summarizing flagged transactions

Answer: ([SHOW ANSWER](#))

AI-powered dashboards summarizing flagged transactions are the most effective feature for improving investigator efficiency, as they consolidate and present relevant data from multiple sources in a structured, actionable format - reducing time spent on manual data gathering and enabling quicker decision-making.

NEW QUESTION: 98

Money laundering has social and economic impacts, especially within developing countries. A high volume of money laundering in a country may: (Select Two.)

- A. Dissuade government tax incentive programs
- B. Reduce volatility in exchange and interest rates.
- C. Lower the employment rate.
- D. Dissuade foreign investment.
- E. Reduce confidence in the country's financial sector.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 99

Which attributes are typically used to assess the vulnerability to money laundering risk of products offered by an insurer? (Choose three.)

- A. Purpose and intended use
- B. Liquidity
- C. Age of the beneficiary
- D. Customer anonymity or third-party transactions
- E. Length of waiting period

Answer: ([SHOW ANSWER](#))

The vulnerability of insurance products to money laundering is typically assessed based on purpose and intended use, liquidity (how easily funds can be accessed or moved), and customer anonymity or use of third-party transactions, as these factors can be exploited to disguise illicit funds.

NEW QUESTION: 100

Which line of defense would be tasked with interpreting new AML regulations and revising training for client-facing relationship managers?

- A. The first line
- B. The second line
- C. Senior management
- D. The third line

Answer: ([SHOW ANSWER](#))

The second line of defense is responsible for compliance functions, including interpreting new AML regulations and updating policies, procedures, and training programs. This ensures that client-facing staff, such as relationship managers, remain informed and aligned with regulatory expectations.

NEW QUESTION: 101

According to the Financial Action Task Force (FATF) report on terrorism financing, charities and nonprofit organizations are often vulnerable to terrorist financing because they: (Select Two.)

- A. Have a global presence that provides a framework for national and international operations and financial transactions that are often in or near areas most exposed to terrorist activity
- B. Enjoy the public trust and have access to considerable sources of funds, and their activities are often cash intensive
- C. Are usually legitimate establishments and will not use the funds collected through donation for the profit of individuals or entities
- D. Collect donations from various sources, and their primary objective is philanthropy and social wellbeing

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 102

Which of the following are best practices to raise awareness and train staff regarding the risks related to financial crime? (Select Three.)

- A. Tailor training and offer regular training to all employees
- B. Train outside of daily operations and promote awareness of Compliance
- C. Train core AML topics once per year, at a minimum, to relevant employees
- D. Use a variety of training methods and provide necessary resources to employees
- E. Communicate regularly and measure effectiveness of training

Answer: ([SHOW ANSWER](#))

A robust AML training program should incorporate the following best practices to ensure awareness and ongoing engagement:

Option A - Tailored and regular training:

Training should be risk-based and role-specific, ensuring employees understand how AML applies to their function.

Option D - Variety and resources:

Use of interactive, digital, live, and scenario-based methods keeps training effective and adaptable. Providing materials and resources supports continued learning.

Option E - Communication and measurement:

Ongoing AML awareness campaigns and feedback mechanisms help assess the effectiveness of training and reinforce its importance.

Option B is too vague and not recognized as a best practice.

Option C, while helpful, is not sufficient alone—annual frequency without contextual or tailored content is inadequate.

Reference: ACAMS CAMS Study Guide - 6th Edition, Chapter: AML Program Components-
Section:

Training and Awareness Best Practices

NEW QUESTION: 103

The owner of a real estate investment company deposits multiple cashier's checks that were bought using cash over a three-month period, from the sale of two apartments. This account also receives several electronic transfers from other financial institutions for US\$10,000 each.

What activity is considered suspicious of money laundering?

- A. Performing operations with real estate investment companies
- B. Receiving electronic transfers for US\$10,000 amounts from other financial institutions
- C. Using cash to buy multiple cashier's checks over a period of time
- D. Using cashier's checks in the transactions with the real estate investment company's account

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 104

Which statements regarding using network analysis tools to determine links to criminality are true? (Choose three.)

- A. When using network analysis data to fight money laundering and financial crime, data protection and privacy can be disregarded because fighting crime takes precedent
- B. Network analysis tools are an efficient means of generating relevant results because they only need a limited amount of data and computation power and artificial intelligence (AI) allows less-skilled people to quickly learn to use these systems
- C. When using artificial intelligence (AI) with network analysis tools, it must be ensured that the algorithms used are not biased towards social criteria, such as race, gender, or religion
- D. Network analysis allows for the identification of individuals or entities in a network by analyzing connections or links between them and can be used to study a wide range of systems, such as social or transportation networks
- E. Analyzing relationships between individuals in a social network allows for the identification of hierarchies, the detection of behaviors and geographical movements, or an understanding of how groups are organized

Answer: ([SHOW ANSWER](#))

When using network analysis tools, it's important to avoid algorithmic bias toward social criteria to ensure fairness, analyze connections between individuals or entities to identify links and structures, and study relationships within networks to uncover hierarchies, behaviors, movements, and group organization relevant to detecting criminal activity.

NEW QUESTION: 105

The degree of attraction that a company holds to criminal organizations is influenced by the (Select Two.)

- A.** amount of annual fees associated with the jurisdiction.
- B.** permissibility of bearer shares.
- C.** rules governing the disclosure of beneficial ownership by the jurisdiction.
- D.** ease of travel to the jurisdiction.

Answer: ([SHOW ANSWER](#))

The susceptibility of a company or jurisdiction to ML/TF abuse is significantly increased by:

* Permissibility of bearer shares (B): "Bearer shares make it easy to hide ownership and control, presenting a major risk for misuse by criminals." (CAMS 6th Edition, Beneficial Ownership and Company Transparency)

* Rules governing the disclosure of beneficial ownership by the jurisdiction (C): "Weak requirements or loopholes in beneficial ownership disclosure are frequently exploited to conceal criminal involvement in corporate structures." (CAMS 6th Edition, Chapter: Legal Persons and Arrangements) Incorrect Options:

- * A: High or low fees are not a significant ML/TF risk driver.
- * D: Ease of travel is unrelated to ML/TF risk related to company structures.

References:

CAMS 6th Edition, Beneficial Ownership and Transparency

FATF Recommendations 24, 25

NEW QUESTION: 106

Which money laundering risks are posed by the misuse of trust and asset management services? (Select Three.)

- A.** Concealing sources of funds
- B.** Allowing for third-party custody safekeeping of funds
- C.** Adding a layer of anonymity to transactions
- D.** Concealing true legal and beneficial owners
- E.** Establishing escrow accounts for real estate transactions

Answer: **A,C,D** ([LEAVE A REPLY](#))

* A, C, D:

* "Trust and asset management services can facilitate the concealment of the source of funds (A), provide a layer of anonymity to transactions (C), and obscure the true legal and beneficial owners (D). These are well-established ML/TF risks in the private wealth sector." (CAMS 6th Edition, ML/TF Risks in Trust and Asset Management)

* B and E are normal aspects of asset management and are not in themselves ML/TF risks unless combined with other suspicious behaviors.

References:

CAMS 6th Edition, Risks in Trust and Asset Management

FATF Recommendations 24, 25

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NEW QUESTION: 107

Why is it important to use multiple sanctions lists, such as United Nations (UN), Office of Foreign Assets Control ("OFAC"), and European Union ("EU") lists, in name screening systems?

- A. To avoid sanctions breach related to payments
- B. To avoid onboarding customers previously exited due to true match
- C. To meet international regulatory requirements and identify risks across jurisdictions
- D. To be in line with the risk appetite statement

Answer: (SHOW ANSWER)

Using multiple sanctions lists ensures that financial institutions meet international regulatory obligations and can identify sanctions-related risks across different jurisdictions. This comprehensive approach strengthens compliance and reduces the likelihood of exposure to sanctioned individuals or entities.

NEW QUESTION: 108

Which of the following conditions contribute to a politically exposed person (PEP) posing greater risk than a typical high-risk bank customer? (Select Two.)

- A. The family members and close associates of PEPs may be involved in illicit activities.
- B. PEPs are granted unlimited credit and financial immunity under international banking regulations.
- C. PEPs may exploit embassy activities to conceal bribery and corruption transactions.
- D. PEPs can have illegitimate fund sources but are legally protected from having their accounts closed for activities outside a bank's risk appetite.

Answer: (SHOW ANSWER)

PEPs are recognized by CAMS 6th Edition and FATF as posing elevated risk due to:

* A. The family members and close associates of PEPs may be involved in illicit activities:"The risks extend beyond the PEP to family members and close associates, who may be used to conceal the movement of illicit funds."(CAMS 6th Edition, PEP Risk Factors; FATF Guidance)

* C. PEPs may exploit embassy activities to conceal bribery and corruption transactions:"PEPs may use their position or diplomatic privileges, such as embassy operations, to disguise or facilitate the movement of illicit funds."(CAMS 6th Edition, Corruption and PEP Risks) Incorrect Options:

* B: There is no such legal provision granting PEPs financial immunity or unlimited credit.

* D: Banks may (and often must) exit PEP relationships not in line with their risk appetite.

References:

CAMS 6th Edition, PEPs and Enhanced Due Diligence

FATF Guidance: PEPs (2013)

NEW QUESTION: 109

Having a risk-based approach is central to a financial institution understanding the money laundering and terrorist financing risk to which they are exposed. The development of a money laundering and terrorist financing risk assessment is a key starting point.

Commonly used risk factors include. (Select Three.)

A. product risk.

B. credit risk.

C. geographic risk.

D. customer risk.

E. liquidity risk.

Answer: (SHOW ANSWER)

The CAMS 6th Edition clearly identifies a risk-based approach as the cornerstone of effective AML/CFT programs. Risk assessments should consider various risk factors that directly influence exposure to ML/TF.

* Product risk (A): Certain products or services may present higher ML/TF risks, such as private banking, correspondent banking, or cash-intensive products."Products and services offered, and their inherent risk levels, must be assessed as part of the risk-based approach."(CAMS 6th Edition, AML Compliance Program, Risk Assessment)

* Geographic risk (C): Jurisdictions where the customer operates or where transactions are conducted may present higher or lower risks due to factors such as weak AML regulations or high corruption.

"Geographic risk considers where a customer is located and/or where transactions occur, referencing countries with increased risk, such as those identified by the FATF."(CAMS 6th Edition, Risk Assessment Factors)

* Customer risk (D): The type of customer, such as PEPs, non-residents, or companies with complex structures, may present higher ML/TF risks."Customer risk assessment is based on the customer's profile, activity, and ownership structure, and is a critical component in risk-based monitoring."(CAMS

6th Edition, CDD/EDD)

Incorrect Options:

* B (Credit risk): Related to creditworthiness, not ML/TF.

* E (Liquidity risk): Refers to a firm's ability to meet financial obligations; not an AML risk factor.

References:

CAMS Study Guide 6th Edition, AML Compliance Program, "Risk-Based Approach" FATF

Guidance: National Money Laundering and Terrorist Financing Risk Assessment (2013)

NEW QUESTION: 110

In order to prevent financial crime risk, the implemented policies, controls, and procedures must:

A. include sophisticated and automated controls that use the newest types of technology available (for example, artificial intelligence (AI) and machine learning).

B. be proportionate with regard to the size and nature of the firm, approved by senior management, and regularly reviewed

C. be completed by the business and validated by an external firm (for example, an auditing or consulting firm)

D. be created approved, and owned only by the First Line of Defense business team, and reviewed annually

Answer: ([SHOW ANSWER](#))

Policies, controls, and procedures must be proportionate to the size and nature of the firm, approved by senior management, and regularly reviewed to ensure they remain effective in preventing and mitigating financial crime risk while aligning with regulatory expectations.

NEW QUESTION: 111

A law enforcement agency submits several requests to a financial institution.

Which request is legitimate and requires the bank to respond?

A. Produce documents and testimony without a subpoena

B. Seize privileged documents upon written request

C. Keep an account open upon verbal request

D. Freeze an account in terms of a court order

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 112

A law enforcement action alleged that on several trading days over the course of two months, defendants engaged in a series of copper gold, crude oil, and natural gas futures transactions on an electronic trading platform. One defendant repeatedly bought future contracts at low prices from the other, and then immediately sold them back at higher prices. As a result, one defendant effectively pocketed the same amount as the other lost even though there were no changes in the open positions held by either defendant.

What is a name for this typology?

A. Reverse flip

- B. Short position
- C. Bid-ask spread
- D. Wash trading

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 113

A legal instrument which is executed between two nations and governs cross-border information sharing is known as a.

- A. request for urgent information.
- B. mutual legal assistance treaty.
- C. memorandum of agreement.
- D. memorandum of understanding.
- E. declaration of understanding.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 114

According to Basel Committee guidelines, which level of the organization should determine whether or not to enter business relationships with higher risk customers?

- A. Middle management
- B. Senior management
- C. Account opening staff
- D. First-level management

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 115

A risk-based approach (RBA) to anti-financial crimes (AFC) involves understanding and managing risks by:

- A. applying uniform controls to all customers, regardless of their risk profile
- B. allocating resources and implementing controls based on the level of identified risks
- C. prioritizing regulatory compliance over customer experience and operational efficiency
- D. relying on automated systems to detect and mitigate AFC risks

Answer: ([SHOW ANSWER](#))

A risk-based approach to anti-financial crimes means allocating resources and implementing controls proportionate to the level of identified risk. This ensures that higher-risk areas receive more focus and resources, improving both effectiveness and efficiency in mitigating financial crime risks.

NEW QUESTION: 116

An employee at a financial institution (FI) suspects that one of their co-workers is involved in a financial investment scam syndicate.

Which step should be taken next by the employee who has the suspicion?

- A.** Conduct an open-source intelligence investigation using artificial intelligence tools to gain more information on the activities of the suspected employee
- B.** Use the FI's whistleblowing channel to report the suspected employee
- C.** Question their co-worker to determine if their suspicions are correct before reporting to the FI's Human Resources department
- D.** Report the suspected employee to the line manager of the FI to take the required action
- E.** Warn colleagues and customers of the FI that the employee's suspicious financial investment proposals could be a scam

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 117

Which activities are part of adverse media screening for negative news and reputational risks? (Select Three.)

- A.** Analyzing customer sentiment through feedback and surveys
- B.** Identifying individuals or entities linked to criminal activities or sanctions
- C.** Periodically monitoring regulatory updates and enforcement actions for associated entities
- D.** Scanning publicly available news articles and regulatory alerts
- E.** Monitoring changes in credit scores of individuals or entities

Answer: ([SHOW ANSWER](#))

Adverse media screening seeks to identify reputational or financial crime risk by:

- * B: Identifying links to criminal activity or sanctions.
- * C: Monitoring regulatory actions and updates for risk associations.
- * D: Regularly scanning news and public records for negative information.

"Adverse media screening involves collecting and reviewing publicly available information, news, and regulatory actions to detect links to criminal activity or reputational risks." (CAMS 6th Edition, Adverse Media Screening; FATF Guidance) Incorrect:

- * A and E: Customer sentiment and credit scores are not core to adverse media screening.

References:

CAMS 6th Edition, Customer Due Diligence and Screening

FATF Guidance on Customer Due Diligence

NEW QUESTION: 118

While gaming platforms are typically used for recreational purposes, they can potentially be used for terrorist financing through games in which players can:

- A.** buy in-game items with virtual in-game currencies.
- B.** exchange in-game items with other players.
- C.** trade in-game items with other players that can be exchanged for fiat currency
- D.** obtain in-game materials by performing in-game activities.

Answer: ([SHOW ANSWER](#))

Terrorist financing can be facilitated on gaming platforms particularly through the trading of in-game items for fiat currency. This mechanism allows for the movement of value outside the formal financial system, potentially evading detection and reporting requirements.

"One of the key ML/TF risks in online gaming is the ability to convert virtual assets or in-game items into real-world (fiat) currency, thereby providing a channel for laundering money or funding terrorist activities." (CAMS 6th Edition, Chapter: Risks and Methods of Money Laundering and Terrorist Financing; FATF, Virtual Assets Guidance 2019) Incorrect Options:

- * A: Buying in-game items with in-game currency does not in itself facilitate terrorist financing.
- * B: Exchanging items between players may be a step in layering but is not direct TF unless items are traded for fiat.
- * D: Obtaining items by in-game activity is standard gameplay and not a TF method.

References:

CAMS Study Guide 6th Edition, Risks in Gaming and Virtual Worlds

FATF Guidance for a Risk-Based Approach to Virtual Assets (2019)

NEW QUESTION: 119

Which external data source is most reliable for verifying beneficial ownership during onboarding?

- A. Adverse media databases
- B. Publicly available information on non-government data repositories
- C. Credit reference agencies
- D. Beneficial ownership registers available in country of incorporation of entity

Answer: ([SHOW ANSWER](#))

Beneficial ownership registers maintained by the country of incorporation are the most reliable external source for verifying beneficial ownership during onboarding, as they are official records mandated by law and typically subject to regulatory oversight.

NEW QUESTION: 120

What is the relationship between the EU Anti-money Laundering Directives (AMLD) and local anti-money laundering (AML) regulations in European Union (EU) member states, in terms of their relevance for, applicability to, and impact on EU banks? (Select Two.)

- A. The EU AMLD take precedence over local AML regulations.
- B. Local AML regulations may impose additional or more stringent requirements than the EU AMLD.
- C. Local AML laws and regulations override the requirements of the EU AMLD.
- D. The EU AMLD and local AML regulations must have identical requirements.
- E. The EU AMLD provide a framework that member countries must implement through local AML regulations.
- F. The EU AMLD and local AML regulations are separate and unrelated legal frameworks.

Answer: B,E ([LEAVE A REPLY](#))

NEW QUESTION: 121

Which of the following statements is true regarding Office of Foreign Assets Control (OFAC) sanctions?

(Select Two.)

- A. Sanctions can only be placed on certain individuals in foreign countries as designated by OFAC
- B. Blocked funds must be placed into an interest-bearing account on a financial institution's books
- C. Sanctions can be either comprehensive or selective using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals
- D. OFAC sanctions automatically expire after five years unless renewed by Congress

Answer: (SHOW ANSWER)

OFAC sanctions are a key element of the U.S. AML/CFT framework. According to the CAMS 6th Edition and OFAC regulations:

* Blocked funds must be placed into an interest-bearing account on a financial institution's books (B):

"Blocked property must be held in a separate interest-bearing account on the books of the U.S. financial institution."(CAMS 6th Edition, Sanctions Compliance; OFAC FAQs)

* Sanctions can be either comprehensive or selective using the blocking of assets and trade restrictions (C):"OFAC administers both comprehensive and targeted (selective) sanctions programs to fulfill U.S.

foreign policy and national security goals."(CAMS 6th Edition, Sanctions Compliance) Incorrect Options:

* A: OFAC can sanction entities, vessels, and organizations-not just individuals or those in foreign countries.

* D: There is no automatic expiration of OFAC sanctions after five years.

References:

CAMS 6th Edition, OFAC and Sanctions Programs

U.S. Treasury, OFAC FAQs

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NEW QUESTION: 122

Which section of the USA PATRIOT Act permits the US government to seize funds deposited in a US correspondent account of a foreign bank, creating extraterritorial impact?

- A. Section 314(b)

B. Section 319(b)

C. Section 314(a)

D. Section 319(a)

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 123

A financial institution's transaction monitoring system flags an unusually high volume of international wire transfers originating from a small business account. The transfers are being sent to multiple jurisdictions known for limited regulatory oversight. Additionally, an employee reports suspicious behavior from the account holder during an in-person visit, where they requested a large cash withdrawal without providing a clear business justification. As part of the investigation, the compliance team must assess whether this activity is suspicious and determine the appropriate next steps.

Which of the following steps should be taken first in the investigation process to properly gather information and assess whether the transactions are suspicious?

A. Review the transaction history of the account to identify patterns, including the frequency, destination, and purpose of the wire transfers

B. Notify senior management and suggest account closure due to potential risks

C. Immediately file a suspicious activity report (SAR) based on the employee's report of suspicious behavior

D. Contact the customer directly to ask for clarification on the reason for the large cash withdrawal

Answer: ([SHOW ANSWER](#))

* A: The first step in any suspicious activity investigation is to review the transaction history and other relevant account information to establish context, identify patterns, and determine if the behavior is consistent with known typologies of money laundering.

* "The initial phase of an AML investigation is to review relevant account information and transaction activity to assess whether a SAR filing is warranted."

* This approach ensures that any subsequent decisions, such as escalation, SAR filing, or customer outreach, are based on a comprehensive understanding of the facts.

References:

CAMS 6th Edition, Suspicious Activity Monitoring and Investigation

FFIEC BSA/AML Manual, Suspicious Activity Reporting

NEW QUESTION: 124

Which of the following best describes one of the principal threats of proliferation financing?

A. Adversary governments using sophisticated attacks to threaten critical infrastructure and sectors, including finance, health care and energy

B. Networks of individuals and entities exploiting financial systems to move funds that will be used to acquire weapons of mass destruction or their components

C. Transnational criminal organizations expanding their engagement into more varied types of illicit activities, including human trafficking and corruption

D. Networks of individuals and entities raising funds to further proliferate their ideological goals wholly or in part through unlawful acts of force or violence

Answer: ([SHOW ANSWER](#))

Proliferation financing refers to the act of providing financial services or funds for the development, acquisition, or delivery of nuclear, chemical, or biological weapons. The core threat involves networks of individuals and entities using the financial system to obtain sensitive technologies, materials, or knowledge for weapons of mass destruction (WMDs).

The Financial Action Task Force (FATF) identifies this as a major international security threat and requires institutions to assess and mitigate such risks.

Reference: ACAMS CAMS Study Guide - 6th Edition, Chapter: Sanctions and Proliferation Financing- Section: Understanding and Identifying Proliferation Risks

NEW QUESTION: 125

In which of the following situations would it be most crucial for the designated AML compliance officer of a company to perform a complete review of the company's AML program, including identifying the risks and commensurate controls?

A. An external audit highlights several deficiencies

B. Extensive AML legislation is proposed by a legislative body in the company's jurisdiction

C. The company is merging with or acquiring another entity

D. A high-profile money laundering case involving another industry is publicized

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 126

The UN Security Council's primary role in imposing sanctions is that it has the authority to:

A. impose sanctions to maintain or restore international peace and security

B. impose sanctions on countries that lack AML/CFT controls.

C. conduct research on and analyze the impacts of sanctions to improve the effectiveness of sanctions regimes.

D. impose sanctions on economic targets to maintain or restore financial stability within a country.

Answer: **A** ([LEAVE A REPLY](#))

The UN Security Council has the authority to impose sanctions specifically to maintain or restore international peace and security.

NEW QUESTION: 127

Which of the following measures can help maintain the independence of BSA/AML compliance staff to ensure effective compliance controls?

A. Establishing BSA/AML compliance staff reporting to the management of the business line in the first line of defense

B. Ensuring BSA/AML compliance staff is primarily outsourced

C. Providing BSA/AML compliance staff a reporting line to compliance or other second line of defense internal control function

D. Providing BSA/AML compliance staff with a reporting line to the chief financial officer

Answer: C ([LEAVE A REPLY](#))

BSA/AML compliance staff should report to the compliance function or another second line of defense internal control function to maintain independence from business line management, ensuring objective oversight and effective compliance controls.

NEW QUESTION: 128

What is the primary advantage of using a risk-based approach in allocating compliance resources?

A. It reduces the overall cost of compliance programs.

B. It eliminates the need for periodic audits of low-risk customers.

C. It ensures focus on high-risk areas while maintaining operational efficiency.

D. It standardizes compliance processes across all regions.

Answer: ([SHOW ANSWER](#)**)**

The CAMS 6th Edition highlights that a risk-based approach enables organizations to efficiently allocate compliance resources, focusing efforts on areas presenting the highest risk, thereby ensuring both regulatory compliance and operational effectiveness.

"A risk-based approach allows firms to concentrate resources and controls where the risk of ML/TF is highest, while applying simplified measures to lower-risk areas. This enhances both effectiveness and efficiency." (CAMS 6th Edition, AML Compliance Program: Risk-Based Approach) Incorrect Options:

* A: Cost savings may occur, but it is not the main advantage.

* B: Audits may still be required, just less frequently for low-risk customers.

* D: Risk-based approaches are tailored, not standardized, across regions.

References:

CAMS Study Guide 6th Edition, AML Compliance Program, "Risk-Based Approach" FATF Recommendation 1: Assessing risks and applying a risk-based approach

NEW QUESTION: 129

Which red flags could indicate increased terror financing and money laundering risks related to cultural objects? (Select Three.)

A. Use of art storage facilities located in tax-free zones

B. Engagement of third-party art advisors as representatives at art auctions

C. High-quality single pieces of significant value sold on social media platforms

D. Use of art and antiquity experts to verify an item's authenticity

E. Paying fair market value or premium prices for valuable art, gems, or precious metals at auction

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 130

When deciding on the fuzzy matching threshold for sanctions screening, consideration should be given to:

- A. the operational burden of dealing with potential matches.
- B. the value of fines for non-compliance.
- C. the experience of the team dealing with potential matches.
- D. whether the data to be screened is reliable and verified.

Answer: (SHOW ANSWER)

When setting a fuzzy matching threshold for sanctions screening, it is crucial to consider the reliability and accuracy of the data being screened. High-quality, verified data supports more effective matching and reduces both false positives and the risk of missing true matches.

NEW QUESTION: 131

A bank is preparing for a regulatory exam after a previous regulatory exam identified weaknesses in the bank's AML program. Since the last exam, the bank has improved the written AML program, hired an experienced AML compliance officer, and has taken actions to demonstrate a strong culture of compliance.

The bank is now focused on getting through their transaction monitoring case backlog and completing enhancements to its sanctions screening program.

Which of the following are correct? (Select Two.)

- A. The bank is likely to face secondary sanctions from global financial institutions despite addressing many of the previous concerns.
- B. The bank may face civil or criminal penalties if it is unable to demonstrate sustained improvement in addressing the previous concerns.
- C. The bank may face the risk of regulatory orders to remediate its AML program despite addressing many of the previous concerns.
- D. The bank is protected from reputational risk arising from any regulatory action because regulatory orders must remain confidential.
- E. The regulatory agency may require the bank's board of directors to publicly share the actions taken to address the previous concerns in order to limit its reputational risk.

Answer: (SHOW ANSWER)

* B: If a bank fails to demonstrate sustained improvement or cannot resolve identified deficiencies, it can face civil or even criminal penalties from regulators. Regulators expect not just policy changes, but proof of effectiveness and ongoing compliance improvements.

* C: Even after addressing many concerns, if all issues are not resolved-such as outstanding transaction monitoring backlogs-regulators may issue orders to further remediate the AML program until full compliance is achieved.

* CAMS 6th Edition and regulatory guidance clarify that "regulators may impose penalties, issue consent orders, or require further remediation where weaknesses persist." Incorrect:

* A: Secondary sanctions generally apply to sanctions violations, not standard AML program weaknesses.

* D: Regulatory actions can be public and do pose reputational risk.

* E: While transparency is sometimes required, this is not a universal regulatory response.

References:

CAMS 6th Edition, Regulatory Examinations and Remediation

FFIEC BSA/AML Manual, Enforcement Actions

NEW QUESTION: 132

A trust and company services provider that offers a variety of services to businesses is approached by a client interested in establishing a new company. The client requests assistance with the incorporation process, a local business address, annual maintenance services, and the designation of individuals to serve in official capacities for the new company.

Which of the following services involves a higher money laundering risk?

A. Appointing individuals to serve in official capacities of the company

B. Annual maintenance services

C. Provision of a local business address

D. Company incorporation services

Answer: ([SHOW ANSWER](#))

Appointing individuals to serve in official capacities poses a higher money laundering risk because it can be used to obscure the true beneficial ownership and control of the company, making it easier to conceal illicit activities or the identity of those directing the business.

NEW QUESTION: 133

Which of the following is a common strategy employed by non-governmental organizations (NGOs) to combat money laundering?

A. Helping Financial Intelligence Units (FIUs) to analyze the suspicious activity reports (SARs)

B. Directly prosecuting money launderers in court

C. Providing financial assistance to governments to strengthen their anti-money laundering efforts

D. Raising awareness about the issue of money laundering and its consequences

Answer: ([SHOW ANSWER](#))

* D: NGOs play an important role in raising awareness about money laundering, lobbying for strong AML

/CFT laws, and educating the public and stakeholders about the risks and consequences.

* "NGOs help combat money laundering primarily through advocacy, education, and raising public and industry awareness."(CAMS 6th Edition, Role of NGOs in AML/CFT) References:

CAMS 6th Edition, Awareness and Advocacy in AML/CFT

FATF, Outreach to NGOs

NEW QUESTION: 134

Which of the following are benefits of the latest KYC solutions, including but not limited to digital onboarding, eKYC, digital identity, facial recognition, liveness checks, biometrics, and geolocation? (Choose three.)

- A. Guaranteeing 100% accuracy in regulatory compliance across all jurisdictions
- B. Improving customer satisfaction by offering personalized recommendations
- C. Reducing identity theft effectively
- D. Providing reliable customer authentication to enhance trust
- E. Decreasing the time required for customer authentication

Answer: (SHOW ANSWER)

Modern KYC solutions help reduce identity theft, provide reliable customer authentication to build trust, and shorten authentication times, enhancing both security and efficiency in customer onboarding and ongoing due diligence processes.

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