

# Anti-Money Laundering Certificate Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## Questions

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- 1. Private Investment Companies (PIC) are used to maintain client confidentiality for what reasons?**
  - A. To improve full disclosure of ownership.**
  - B. To maintain client confidentiality and facilitate tax or trust arrangements.**
  - C. To serve as government registries.**
  - D. To centralize AML screening across all customers.**
  
- 2. Which term refers to designing a transaction to evade triggering a reporting or record-keeping requirement?**
  - A. Structuring**
  - B. Smurfing**
  - C. Microstructuring**
  - D. Money laundering**
  
- 3. What are concentration accounts?**
  - A. External accounts used for a single large customer transaction.**
  - B. Internal accounts established to facilitate processing and settlement of multiple or individual customer transactions within the bank, usually on the same day.**
  - C. Offshore accounts used for tax planning.**
  - D. Customer deposit accounts used for retail clients.**
  
- 4. Emerging risk: Exploitation of natural resources.**
  - A. Self-funding by FTFs**
  - B. Crowdfunding via social media**
  - C. New payment products such as online banking**
  - D. Exploitation of natural resources**
  
- 5. Which of the following is a risk associated with e-money?**
  - A. High, or no, transaction limits.**
  - B. Frequent cross-border transactions.**
  - C. Certain merchant activity with higher risk businesses such as gambling.**
  - D. Funding with cash that leaves no electronic trail to the source of funds.**

- 6. Why are casinos commonly associated with money laundering?**
- A. They provide a ready-made excuse for recently acquired wealth with no apparent legitimate source**
  - B. They have strict AML controls**
  - C. They avoid cash transactions**
  - D. They are heavily regulated**
- 7. Fictitious business expenses and false invoicing in money laundering typically involve which practice?**
- A. Overstating expenses or invoicing between related entities to move funds**
  - B. Underreporting profits to evade taxes**
  - C. Paying legitimate invoices**
  - D. Recording real market prices**
- 8. Which describes a Community Pool in futures trading?**
- A. A single trader's personal funds used to trade futures**
  - B. Government-owned investment pool**
  - C. Charity fundraising pool**
  - D. Combines funds from various members and uses them to trade in futures or options contracts**
- 9. What is the Black Market Peso Exchange (BMPE) primarily described as?**
- A. A method of currency exchange**
  - B. A domestic transfer of funds used to pay for goods by a foreign importer**
  - C. A counterfeit currency scheme**
  - D. A money transfer via hawalas**
- 10. Prepaid access is described as stored value with two types. Which option correctly names the two types of prepaid access described?**
- A. Open Loop Prepaid Cards**
  - B. Closed Loop Prepaid Cards**
  - C. Open Loop Prepaid Cards and Closed Loop Prepaid Cards**
  - D. Stored Value Cards**

## Answers

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1. B
2. A
3. B
4. D
5. A
6. A
7. A
8. D
9. B
10. C

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## **Explanations**

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**1. Private Investment Companies (PIC) are used to maintain client confidentiality for what reasons?**

**A. To improve full disclosure of ownership.**

**B. To maintain client confidentiality and facilitate tax or trust arrangements.**

**C. To serve as government registries.**

**D. To centralize AML screening across all customers.**

Private Investment Companies are used as private vehicles to hold assets in a way that protects who controls them and how the assets are managed. Because ownership of investments can be held through the PIC rather than directly by the client, the client's identity and involvement can stay confidential. At the same time, PICs are convenient for tax planning and for setting up trust or fiduciary arrangements, making it easier to structure ownership and succession without exposing private financial details. This combination—preserving confidentiality while facilitating tax or trust arrangements—is why they're used. They are not intended to be government registries, nor a means to publicly disclose ownership, nor a mechanism to centralize AML screening.

**2. Which term refers to designing a transaction to evade triggering a reporting or record-keeping requirement?**

**A. Structuring**

**B. Smurfing**

**C. Microstructuring**

**D. Money laundering**

Structuring is the act of designing or splitting a transaction so it stays under the reporting or record-keeping thresholds. The goal is to avoid triggering requirements like currency transaction reports or SARs, which makes the activity harder for the financial institution to detect. This intentional arrangement of funds to avoid compliance is exactly what structuring describes. In practice, regulators watch for patterns like multiple smaller deposits or transfers spread over time that, taken together, total a large amount but never cross the reporting threshold on any single transaction. That focus on evading threshold-based reporting is the hallmark of structuring. Smurfing is a term often used colloquially to describe a network of people who help execute structuring, but the core concept remains structuring. Microstructuring is a related idea that emphasizes very small, numerous transactions, yet it still aims at avoiding reporting. Money laundering, on the other hand, is the broader process of concealing the illicit origin of funds, not specifically the act of evading reporting thresholds.

### 3. What are concentration accounts?

- A. External accounts used for a single large customer transaction.
- B. Internal accounts established to facilitate processing and settlement of multiple or individual customer transactions within the bank, usually on the same day.**
- C. Offshore accounts used for tax planning.
- D. Customer deposit accounts used for retail clients.

Concentration accounts are internal bank accounts used to consolidate funds from many customer transactions and settle them within the bank. They streamline processing and settlement, often enabling same-day completion by pooling multiple items into a central account before final credit or debit to customer accounts. This setup is about liquidity management and operational efficiency inside the institution, not about external customer deposits or offshore tax planning. Because funds move through these internal accounts, they're a point of focus in AML monitoring to spot unusual or rapid fund movements.

### 4. Emerging risk: Exploitation of natural resources.

- A. Self-funding by FTFs
- B. Crowdfunding via social media
- C. New payment products such as online banking
- D. Exploitation of natural resources**

Emerging risks in AML include sectors where illicit funds can be hidden in plain sight, and exploitation of natural resources is a prime example. The natural resources sector handles high-value commodities—minerals, oil, timber—that move through complex, cross-border trade networks. Because these goods are valuable and traded globally, transactions can be large and opaque, making it easier for criminal proceeds from illegal mining, logging, or wildlife trafficking to be laundered through legitimate companies, trade finance arrangements, and shell entities. This creates multiple pathways for money laundering and may even fund conflict, so it's recognized as a significant and evolving risk area to monitor. Red flags can include unusual cross-border trade patterns, mispricing or invoice irregularities, opaque ownership structures, and licensing or permit irregularities in resource-related businesses. The other options describe general funding methods or payment-related risks, not the sector-specific emerging risk represented by exploitation of natural resources.

**5. Which of the following is a risk associated with e-money?**

- A. High, or no, transaction limits.**
- B. Frequent cross-border transactions.**
- C. Certain merchant activity with higher risk businesses such as gambling.**
- D. Funding with cash that leaves no electronic trail to the source of funds.**

In e-money, how much value can be moved is a fundamental control point. Having high or no transaction limits allows users to load, transfer, or withdraw large amounts with minimal friction and without triggering standard monitoring thresholds. This makes it much harder for compliance systems to detect unusual or suspicious activity, so funds can be moved quickly through the e-money network with less chance of spotting laundering patterns. The risk is that criminals exploit generous limits to layer and integrate illicit funds more efficiently, evading checks like customer verification, source-of-funds assessments, and transaction screening. The other scenarios describe real AML concerns, but they aren't as directly tied to the intrinsic design of e-money. Frequent cross-border activity, while risky, can be monitored and flagged through existing controls; certain high-risk merchants or funding with cash leaving no electronic trail are important considerations too, but the core risk specific to e-money is the potential for large, unchecked transfers when limits are liberal.

**6. Why are casinos commonly associated with money laundering?**

- A. They provide a ready-made excuse for recently acquired wealth with no apparent legitimate source**
- B. They have strict AML controls**
- C. They avoid cash transactions**
- D. They are heavily regulated**

The main idea is that gambling venues deal with large amounts of cash, making them an easy channel to blend illicit funds into the financial system. In a casino, money can be converted into chips, moved through betting activity, and then cashed out as winnings or returned as cash. This creates a plausible, legitimate-seeming explanation for sudden wealth or transactions that have no clear legal source. The winnings and losses from gambling provide a cover story that makes illicit funds look like ordinary gambling proceeds, which is why casinos are commonly linked to money laundering. It's true that casinos implement AML controls and are heavily regulated, but those safeguards are about reducing risk, not explaining the association. The key factor driving the link is the cash-intensive environment and the ability to convert illicit funds into seemingly legitimate gambling activity. The option that suggests avoiding cash or that regulation alone explains the link doesn't fit the actual dynamics.

**7. Fictitious business expenses and false invoicing in money laundering typically involve which practice?**

- A. Overstating expenses or invoicing between related entities to move funds**
- B. Underreporting profits to evade taxes**
- C. Paying legitimate invoices**
- D. Recording real market prices**

Fictitious business expenses and false invoicing are used in money laundering to create a believable business justification for funds that originated illicitly. By overstating costs or charging between related entities, criminals move money through a company's books in a way that looks like ordinary business activity, which helps disguise the true origin of the funds. Intercompany invoicing and inflated or fake expenses serve as a layering step, curling the money through multiple entities to complicate tracking and make the funds appear legitimate. Paying legitimate invoices or recording real market prices would not produce the suspicious paper trail AML teams look for, and underreporting profits is primarily a tax evasion issue, not this specific laundering technique.

**8. Which describes a Community Pool in futures trading?**

- A. A single trader's personal funds used to trade futures**
- B. Government-owned investment pool**
- C. Charity fundraising pool**
- D. Combines funds from various members and uses them to trade in futures or options contracts**

The main idea here is a pooled investment used to trade futures and options. A Community Pool is built by combining funds from multiple members into a single trading vehicle, then that pooled capital is used to take positions in futures or options contracts. That's exactly what option describes: funds from various members are pooled together and managed to trade on futures or options markets. This structure creates shared risk and potential shared returns among participants and is distinct from an individual trader using personal funds, a government-owned investment pool, or a charity fundraising pool, none of which represent a pooled trading vehicle used for these contracts.

**9. What is the Black Market Peso Exchange (BMPE) primarily described as?**

- A. A method of currency exchange**
- B. A domestic transfer of funds used to pay for goods by a foreign importer**
- C. A counterfeit currency scheme**
- D. A money transfer via hawalas**

The key concept is that the Black Market Peso Exchange functions as a domestic funds transfer network used to pay for goods by a foreign importer. In practice, money moves within the United States to settle a trade obligation with a foreign supplier, often aligning U.S. dollars with pesos so the exporter can receive payment in their currency. This structure makes BMPE a way to facilitate international trade payments through domestic transfers, rather than simply exchanging currencies or moving money through informal remittance networks. This isn't about counterfeit currency, and it isn't the hawala system, which operates as a trust-based, informal money-transfer network across borders. While BMPE can be exploited to launder illicit proceeds by disguising the movement of funds as legitimate trade payments, its defining description remains the domestic transfer used to pay a foreign importer for goods.

**10. Prepaid access is described as stored value with two types. Which option correctly names the two types of prepaid access described?**

- A. Open Loop Prepaid Cards**
- B. Closed Loop Prepaid Cards**
- C. Open Loop Prepaid Cards and Closed Loop Prepaid Cards**
- D. Stored Value Cards**

Prepaid access is stored value that you can spend, and it comes in two forms: open-loop prepaid cards, which run on broad payment networks and can be used at any merchant that accepts those networks, and closed-loop prepaid cards, which are restricted to a specific issuer or retailer and can only be used within that network. The option that names both forms covers the full description of prepaid access, making it the correct choice. Options that name only one form or lump prepaid access into a generic stored-value label miss one of the two distinct usage models.

## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://antimoneylaundering.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

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