

Association of Certified Anti-Money Laundering Specialists (ACAMS) 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. What is essential for financial institutions when dealing with foreign shell banks?**
 - A. Establishing a thorough understanding of their operations.**
 - B. Prohibiting any transaction activity with them.**
 - C. Forming partnerships to monitor their activities.**
 - D. Transaction limits on accounts held by such banks.**
- 2. What frequency is recommended for reviewing compliance programs?**
 - A. Daily**
 - B. Monthly**
 - C. Annually**
 - D. Only when necessary**
- 3. Which principle governs the exchange of information between Financial Intelligence Units (FIUs)?**
 - A. Information may be used for any legal purpose**
 - B. Agreements must strictly follow a standardized model**
 - C. Information can be for case-specific purposes only**
 - D. Requests for information can be made without basis**
- 4. What type of roles are typically filled by Trust and Company Service Providers (TCSP)?**
 - A. Acting as a lawyer for legal disputes**
 - B. Managing real estate properties**
 - C. Creating, administering, and managing corporate vehicles**
 - D. Providing investment banking services**
- 5. When is it appropriate for an institution to freeze a suspected launderer's funds?**
 - A. Whenever it deems the risk is too high.**
 - B. At the close of business on the last day of a given month.**
 - C. Generally, only upon receipt of a lawfully executed order, following that country's laws and regulations.**
 - D. In order to be effective, the institution should wait until there is at least \$200,000 in the account(s).**

6. What should NOT be included in your compliance program manuals and training sessions?

- A. How to work with law enforcement on an investigation.**
- B. How to respond to customers wanting to circumvent reporting requirements.**
- C. How to pass information along to Egmont and federal prosecutors.**
- D. How many terrorists and criminals your investigations have caught so far.**

7. Which of the following banking functions are considered high risk in developing an AML program?

- A. Letters of Credit**
- B. Payable-Through Accounts (PTAs)**
- C. All of the above**
- D. Check Cashing for Non-Customers**

8. What are the key goals of an anti-money laundering program?

- A. Maintain compliance and reduce costs**
- B. Detect laundering and report to authorities**
- C. Train employees only when required by law**
- D. Support legal actions against offenders**

9. To improve a compliance program for a financial institution, what should be reported on compliance efforts?

- A. Compliance with each country's legal requirements.**
- B. Compliance with the company's stated requirements.**
- C. Compliance only for customers serviced by branches in multiple countries.**
- D. Level of monitoring performed on the accounts' activity.**

10. Which form of money laundering involves moving illicit profits overseas to finance domestic operations?

- A. Trade-based money laundering.**
- B. The loanback method of money laundering.**
- C. A violation of the Foreign Corrupt Practices Act.**
- D. Misrepresentation of source funds.**

Answers

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

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Explanations

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1. What is essential for financial institutions when dealing with foreign shell banks?

- A. Establishing a thorough understanding of their operations.**
- B. Prohibiting any transaction activity with them.**
- C. Forming partnerships to monitor their activities.**
- D. Transaction limits on accounts held by such banks.**

Establishing a thorough understanding of the operations of foreign shell banks is crucial for financial institutions because these entities often lack physical presence and can be associated with heightened risks related to money laundering and other illicit activities. Given the opacity that characterizes many shell banks, financial institutions must gain comprehensive insights into their ownership structures, business models, regulatory environments, and the jurisdictions in which they operate. This understanding allows institutions to evaluate the risks involved in conducting business with these banks and to implement appropriate risk mitigation measures. By being well-informed about the operations of foreign shell banks, institutions can better assess whether engaging with them aligns with their compliance obligations and risk appetite. This understanding also aids in enhancing the institution's overall anti-money laundering (AML) strategies, ensuring that they are effectively tailored to combat potential financial crimes associated with such high-risk entities.

2. What frequency is recommended for reviewing compliance programs?

- A. Daily**
- B. Monthly**
- C. Annually**
- D. Only when necessary**

The recommendation to review compliance programs annually is grounded in the need for organizations to maintain a robust and up-to-date framework in line with evolving regulations and risks. Annual reviews allow institutions to assess the effectiveness of their compliance strategies, address any gaps, and adjust policies and procedures as necessary. Conducting reviews annually provides a comprehensive opportunity to evaluate the entirety of the compliance program rather than getting bogged down by more frequent, less detailed assessments. It aligns with best practices in compliance management, ensuring that organizations are regularly reinforcing their commitment to adherence and risk management, especially in the context of anti-money laundering (AML) efforts. While daily or monthly reviews may seem beneficial, they can lead to information overload and may detract from the strategic oversight needed for an effective compliance program. Moreover, reviewing only when necessary might result in ignoring issues until they become significant problems, thus compromising the organization's ability to respond proactively to compliance risks. Hence, an annual review strikes the right balance between thoroughness and practicality in compliance oversight.

3. Which principle governs the exchange of information between Financial Intelligence Units (FIUs)?

- A. Information may be used for any legal purpose**
- B. Agreements must strictly follow a standardized model**
- C. Information can be for case-specific purposes only**
- D. Requests for information can be made without basis**

The principle that governs the exchange of information between Financial Intelligence Units (FIUs) is primarily centered around the notion that information should be used for case-specific purposes only. This principle is pivotal in ensuring that the data shared between FIUs serves a clear and defined objective, particularly in the investigation and prevention of money laundering and related financial crimes. By focusing on case-specific purposes, this principle fosters a structured and accountable framework for information sharing, ensuring that the data is relevant and pertinent to particular investigations. Using information in a case-specific context allows FIUs to protect the integrity of the investigations, while also respecting privacy and ensuring compliance with relevant laws and regulations. This targeted approach minimizes the risk of misuse and helps maintain the confidentiality of sensitive information shared between agencies. In contrast, other choices imply differing standards or practices. For example, using information for any legal purpose would lead to a broader and potentially inappropriate application of sensitive data. Similarly, requiring agreements to follow a standardized model or permitting requests for information without a basis would undermine the specificity and integrity of information exchanges, jeopardizing the effectiveness of the FIU's work in combating financial crime.

4. What type of roles are typically filled by Trust and Company Service Providers (TCSP)?

- A. Acting as a lawyer for legal disputes**
- B. Managing real estate properties**
- C. Creating, administering, and managing corporate vehicles**
- D. Providing investment banking services**

Trust and Company Service Providers (TCSP) primarily focus on creating, administering, and managing corporate vehicles. This role includes services such as forming companies, limited partnerships, and other types of legal entities, as well as ensuring compliance with relevant laws and regulations. TCSPs often aid in the organization of complex corporate structures that can be used for various purposes, including asset protection, tax planning, and estate planning. The specific functions of TCSPs hinge on their ability to offer a range of management services for these corporate vehicles, which may involve maintaining company records, providing registered office services, and ensuring that the entity adheres to regulatory requirements. This makes them essential actors in facilitating business operations through the establishment and support of corporate entities. The other roles listed do not align with the core functions of TCSPs. For instance, while managing real estate properties is a valid business function, it is not a primary service provided by TCSPs. Similarly, acting as a lawyer for legal disputes falls under the legal profession, distinct from the administrative and management functions of TCSPs. Investment banking services are also outside the purview of TCSPs, as these typically involve complex financial transactions and services that require specialized banking knowledge. Thus, the choice related to

5. When is it appropriate for an institution to freeze a suspected launderer's funds?

- A. Whenever it deems the risk is too high.**
- B. At the close of business on the last day of a given month.**
- C. Generally, only upon receipt of a lawfully executed order, following that country's laws and regulations.**
- D. In order to be effective, the institution should wait until there is at least \$200,000 in the account(s).**

It is generally appropriate for an institution to freeze a suspected launderer's funds only upon receipt of a lawfully executed order, in accordance with the laws and regulations of the country. This answer reflects the legal framework that governs financial institutions and their responsibilities in dealing with potentially illicit activities, such as money laundering. When an institution acts on a lawfully executed order, it ensures that the action taken to freeze funds complies with legal standards and protects the institution from potential liability. Such orders often come from law enforcement agencies or courts that have determined there is a legitimate basis to suspect that the funds are connected to criminal activity. This approach emphasizes the importance of due process and the need for institutions to operate within the confines of established legal procedures. Institutions that unilaterally freeze accounts merely based on perceived risk or without proper authority could face legal repercussions and undermine customer trust. The other options suggest methods of freezing accounts that do not align with legal standards or best practices. For example, acting solely based on an internal assessment of risk, waiting until specific dates, or setting arbitrary thresholds do not fulfill the legal obligations necessary for such actions.

6. What should NOT be included in your compliance program manuals and training sessions?

- A. How to work with law enforcement on an investigation.**
- B. How to respond to customers wanting to circumvent reporting requirements.**
- C. How to pass information along to Egmont and federal prosecutors.**
- D. How many terrorists and criminals your investigations have caught so far.**

In a compliance program, it is crucial to focus on the necessary procedures and policies that support adherence to anti-money laundering (AML) regulations. The inclusion of specific metrics or anecdotal successes, such as the number of terrorists and criminals apprehended through investigations, does not align with the fundamental goals of compliance program manuals and training sessions. Compliance materials should emphasize how to identify, report, and handle suspicious activities or transactions in accordance with legal guidelines. While it is important to recognize the effectiveness of a compliance program, sharing anecdotal successes may lead to the perception that the program's focus is on law enforcement outcomes rather than on the critical activities that prevent and report financial crimes, thereby compromising both the ethical and legal framework of the program. In contrast, the other options address vital aspects of the compliance program, such as cooperation with law enforcement, appropriate responses to customer behavior that may indicate an attempt to evade reporting, and protocols for communicating with law enforcement entities like Egmont Group and federal prosecutors. These components directly support the program's objectives of reducing the risk of money laundering and enhancing compliance with regulatory obligations.

7. Which of the following banking functions are considered high risk in developing an AML program?

- A. Letters of Credit**
- B. Payable-Through Accounts (PTAs)**
- C. All of the above**
- D. Check Cashing for Non-Customers**

In the context of an Anti-Money Laundering (AML) program, identifying high-risk banking functions is crucial for preventing illicit financial activities. The choice that states "All of the above" is the correct response because each of the listed functions carries distinct risks that can be exploited for money laundering. Letters of Credit can be used in trade finance and are often associated with complex international transactions, which can obscure the true nature of funds and the parties involved. This complexity makes it easier for launderers to introduce illegitimate funds into the financial system. Payable-Through Accounts (PTAs) allow financial institutions to provide services to third-party customers through a correspondent account. This access can be misused by money launderers who might use such accounts to evade detection, as transactions may appear to be legitimate when they are not. Check Cashing for Non-Customers poses significant risks as well. Non-customers who wish to cash checks may be less likely to provide identification or may use stolen identities, which can create opportunities for money laundering through the integration of illicit funds. Each of these banking functions requires enhanced due diligence and monitoring to mitigate the risks associated with potential money laundering activities. Therefore, recognizing that all these functions are high risk reinforces the

8. What are the key goals of an anti-money laundering program?

- A. Maintain compliance and reduce costs**
- B. Detect laundering and report to authorities**
- C. Train employees only when required by law**
- D. Support legal actions against offenders**

The key goals of an anti-money laundering (AML) program are centered around effective mechanisms to combat illicit financial activities, which includes detecting and reporting suspicious transactions. The primary objectives of an AML program encompass the identification and prevention of money laundering activities, ensuring regulatory compliance, and safeguarding the integrity of financial systems. While maintaining compliance and reducing costs may seem important, it does not fully encapsulate the core objectives of an AML program. B, which focuses on detecting laundering and reporting to authorities, aligns more closely with the fundamental purpose of AML initiatives. Detecting suspicious activities and ensuring that relevant authorities are informed is essential for disrupting and preventing money laundering operations. Additionally, D, which mentions supporting legal actions against offenders, also highlights a significant function of AML programs by contributing to the legal framework designed to prosecute money laundering activities. C suggests that training employees only when required by law is sufficient, but effective AML programs benefit from ongoing training and education to respond to evolving risks and enhance awareness throughout the organization. Thus, while compliance and cost management are secondary considerations, the primary goals are focused on detection, reporting, and contributing to legal actions against money laundering, making B the most applicable answer regarding the goals of an AML program.

9. To improve a compliance program for a financial institution, what should be reported on compliance efforts?

- A. Compliance with each country's legal requirements.**
- B. Compliance with the company's stated requirements.**
- C. Compliance only for customers serviced by branches in multiple countries.**
- D. Level of monitoring performed on the accounts' activity.**

To enhance a compliance program within a financial institution, it is essential to report on compliance with the company's stated requirements. This reflects the internal policies and procedures that the institution has established to meet legal obligations, mitigate risks, and ensure ethical operations. Reporting on adherence to these internal standards enables the institution to assess whether its operations align with its own compliance objectives and expectations. Focusing on the internal requirements allows for a tailored approach to compliance, ensuring that any gaps or issues across various departments can be identified and addressed effectively. Moreover, this approach supports continuous improvement, as organizations can refine their policies based on the findings from these compliance reports. While compliance with each country's legal requirements is important, it is equally crucial to align with the institution's specific regulatory framework and internal policies. This alignment not only serves to comply with external obligations but also strengthens the overall compliance culture within the organization. The other options either narrow the focus too much or fail to address the comprehensive needs of the compliance program, which requires a robust assessment of the institution's own policies and practices.

10. Which form of money laundering involves moving illicit profits overseas to finance domestic operations?

- A. Trade-based money laundering.**
- B. The loanback method of money laundering.**
- C. A violation of the Foreign Corrupt Practices Act.**
- D. Misrepresentation of source funds.**

The loanback method of money laundering specifically involves moving illicit profits outside the country and then returning those funds in a manner that disguises their origins. This technique typically entails a company or individual creating legitimate-looking transactions with overseas affiliates or entities. The illicit funds are moved abroad, often under the guise of business operations or investments, and then "loaned back" into the domestic market. This process allows the money launderer to effectively use the funds within their domestic operations while establishing a façade of legitimacy around the source of the funds. In contrast, trade-based money laundering focuses more on manipulating trade transactions to transfer value, while violations of the Foreign Corrupt Practices Act refer to actions involving bribery in international business transactions. Misrepresentation of source funds generally pertains to falsely stating the origin of funds but does not specifically outline the process of moving money overseas for domestic use. The loanback method distinctly captures the essence of the question by explicitly detailing the movement of illicit profits to finance domestic operations.

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.

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

<https://acams.examzify.com>

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

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