

Bank Secrecy Act Compliance Specialist (BSACS) Practice Exam (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 does "enhanced due diligence" involve?**
 - A. Review of all customers in a financial institution**
 - B. Additional scrutiny and monitoring of high-risk customers or transactions**
 - C. Offering benefits to regular customers**
 - D. Streamlining customer service procedures**

- 2. Is the credit union's board of directors ultimately responsible for BSA compliance?**
 - A. True**
 - B. False**
 - C. Only if there are violations**
 - D. Only for large credit unions**

- 3. What kind of transactions typically require enhanced due diligence?**
 - A. Transactions below \$10,000**
 - B. Foreign high-risk customer transactions**
 - C. Domestic transactions only**
 - D. Automated transactions**

- 4. What occurs when a credit union blocks a transaction?**
 - A. It allows the funds to be transferred**
 - B. It accepts the funds and freezes them**
 - C. It sends the funds back to the sender**
 - D. It informs relevant authorities**

- 5. What is one method a credit union can use to identify beneficial owners of business accounts?**
 - A. By performing background checks on all members**
 - B. By obtaining a "Certification Regarding Beneficial Owners of Legal Entity Customers"**
 - C. By randomly selecting owners to verify**
 - D. By gathering social media information**

- 6. What does "transaction risk" refer to in the context of BSA?**
- A. The potential for fraud in security systems**
 - B. The risk associated with the specific transactions a customer conducts**
 - C. The likelihood of operational disruptions**
 - D. The total value of transactions processed in a day**
- 7. What is the primary goal of BSA training for employees of financial institutions?**
- A. To enhance customer service skills**
 - B. To ensure compliance with anti-money laundering regulations**
 - C. To increase product sales**
 - D. To improve financial reporting accuracy**
- 8. What does the BSA's "Travel Rule" require?**
- A. Include certain information in payment orders of \$3000 or more**
 - B. File a CTR for all transactions**
 - C. Report suspicious activities**
 - D. Maintain records of all deposits**
- 9. Which of the following is NOT a required part of the OFAC program?**
- A. Identifying high-risk areas**
 - B. Recording customer complaints**
 - C. Providing internal controls for screening**
 - D. Creating training programs for relevant personnel**
- 10. A credit union must file a CTR if a member purchases \$15,000 worth of traveler's checks with money from their checking account.**
- A. True**
 - B. False**
 - C. Depends on the transaction**
 - D. Only if cash is involved**

Answers

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

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Explanations

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1. What does "enhanced due diligence" involve?

- A. Review of all customers in a financial institution
- B. Additional scrutiny and monitoring of high-risk customers or transactions**
- C. Offering benefits to regular customers
- D. Streamlining customer service procedures

Enhanced due diligence refers to the processes and measures a financial institution employs to gain a deeper understanding of its high-risk customers or transactions. This typically involves additional scrutiny beyond standard due diligence measures, which are applied to all customers. When dealing with high-risk customers or activities, which may include clients in high-risk industries or regions, institutions implement stricter monitoring and review processes to identify and mitigate potential money laundering, terrorist financing, or other illicit activities. This heightened level of scrutiny might encompass examining transaction patterns, verifying sources of funds more rigorously, and frequent review of customer information. The correct option focuses specifically on these heightened practices, which are necessitated by the increased risk associated with certain customers or transactions. This approach aims to ensure compliance with the Bank Secrecy Act and related regulations, protecting the institution from being exploited for illegal activities, while supporting overall market integrity.

2. Is the credit union's board of directors ultimately responsible for BSA compliance?

- A. True**
- B. False
- C. Only if there are violations
- D. Only for large credit unions

The board of directors of a credit union has a critical role in ensuring compliance with the Bank Secrecy Act (BSA). Their ultimate responsibility encompasses establishing and maintaining an effective Anti-Money Laundering (AML) program, which includes adherence to BSA regulations. This responsibility is significant because it involves developing policies, approving a designated BSA compliance officer, and ensuring that adequate resources are allocated to meet compliance standards. By acknowledging this responsibility, the board demonstrates its commitment to risk management and regulatory compliance. This ensures that the credit union can effectively detect and prevent money laundering activities and other financial crimes, protecting both the institution and its members. Therefore, stating that the board of directors is ultimately responsible for BSA compliance is correct, as it aligns with the comprehensive oversight role they are required to fulfill under regulatory guidelines.

3. What kind of transactions typically require enhanced due diligence?

- A. Transactions below \$10,000
- B. Foreign high-risk customer transactions**
- C. Domestic transactions only
- D. Automated transactions

Enhanced due diligence (EDD) is typically required for transactions that present a higher risk of money laundering or other illicit activities. Foreign high-risk customer transactions are particularly scrutinized due to several factors, including the potential for exposure to jurisdictions with lax regulatory frameworks, the prevalence of corruption, or a lack of transparency and oversight. These high-risk foreign customers may include individuals or entities from countries known for significant money laundering concerns, politically exposed persons (PEPs), or organizations that operate in industries typically subjected to higher risks (such as non-profit organizations, shell corporations, or those dealing in cash-intensive businesses). Standard due diligence may not suffice in these cases, as the potential risks are significantly elevated, necessitating more rigorous processes to assess and mitigate the risk associated with acting in an international environment. This may involve verifying the identity of the customer more thoroughly, understanding the nature of their business relationships, and continuously monitoring transactions for patterns that may indicate suspicious activity.

4. What occurs when a credit union blocks a transaction?

- A. It allows the funds to be transferred
- B. It accepts the funds and freezes them**
- C. It sends the funds back to the sender
- D. It informs relevant authorities

When a credit union blocks a transaction, it typically involves accepting the funds but freezing them. This action is taken to comply with regulations and to ensure that the transaction does not proceed due to suspicion of illegal activity, potential fraud, or other compliance-related concerns. By freezing the funds, the credit union can hold onto the money while further investigation takes place or while ensuring that any regulatory requirements are met. Blocking a transaction serves as a protective measure for both the financial institution and its members, allowing for a cautious approach before any funds are released or further action is taken. This process can also help in tracking and reporting any potential suspicious activity in alignment with the Bank Secrecy Act, thereby fulfilling the credit union's compliance obligations. In summary, when a transaction is blocked, the funds are not merely allowed to transfer; they are frozen to evaluate the situation appropriately and to maintain regulatory compliance.

5. What is one method a credit union can use to identify beneficial owners of business accounts?
- A. By performing background checks on all members
 - B. By obtaining a "Certification Regarding Beneficial Owners of Legal Entity Customers"**
 - C. By randomly selecting owners to verify
 - D. By gathering social media information

Obtaining a "Certification Regarding Beneficial Owners of Legal Entity Customers" is a standardized method that credit unions and other financial institutions utilize to accurately identify the beneficial owners of business accounts. This certification is a formal declaration signed by the individuals who control the business, providing essential details about the ownership structure. By requiring this certification, credit unions fulfill their regulatory obligations under the Bank Secrecy Act and the Customer Due Diligence rule, ensuring transparency and compliance in identifying individuals who ultimately own or control the account. This approach aids in mitigating risks associated with money laundering and terrorist financing by ensuring that credit unions have a clear understanding of their customers' ownership and control structures. Moreover, the certification is designed to enhance the accuracy and completeness of data collected about the owners, which is integral for effective risk assessment and maintaining the integrity of the financial system.

6. What does "transaction risk" refer to in the context of BSA?
- A. The potential for fraud in security systems
 - B. The risk associated with the specific transactions a customer conducts**
 - C. The likelihood of operational disruptions
 - D. The total value of transactions processed in a day

In the context of the Bank Secrecy Act (BSA), "transaction risk" specifically refers to the risk associated with the specific transactions a customer conducts. This includes evaluating the nature and frequency of the transactions to determine whether they may be indicative of money laundering or other illicit activities. Understanding transaction risk is essential for compliance with the BSA, as it enables financial institutions to identify unusual patterns that could signal potential illegal activities. Monitoring customer transactions helps institutions detect and report suspicious activities, ensuring that they adhere to legal requirements for reporting and recordkeeping. Transaction risk may encompass various factors, such as the size of transactions, the type of activity being conducted, the geographic locations involved, and the customer's historical transaction patterns, which together contribute to a broader risk assessment. Being able to pinpoint these risks is crucial for effective compliance and safeguarding against financial crimes.

7. What is the primary goal of BSA training for employees of financial institutions?

- A. To enhance customer service skills**
- B. To ensure compliance with anti-money laundering regulations**
- C. To increase product sales**
- D. To improve financial reporting accuracy**

The primary goal of Bank Secrecy Act (BSA) training for employees of financial institutions is to ensure compliance with anti-money laundering (AML) regulations. This training is essential for staff to understand the legal requirements and their role in preventing and detecting money laundering and other financial crimes. By focusing on compliance, the BSA training provides employees with the knowledge to identify suspicious activities, understand reporting requirements, and recognize red flags associated with money laundering schemes. This is crucial not only for the institution's legal standing but also for the integrity of the financial system as a whole. Employees who are well-trained in BSA and AML compliance can contribute to the institution's ability to mitigate risks, thereby protecting both the institution and its customers from potential harm associated with financial crime. While enhancing customer service skills, increasing product sales, and improving financial reporting accuracy are important aspects of a financial institution's operation, they are not the primary focus of BSA training. The core mission of this training is to equip employees with the necessary tools to comply with regulations designed to combat money laundering and maintain the safety and soundness of the financial sector.

8. What does the BSA's "Travel Rule" require?

- A. Include certain information in payment orders of \$3000 or more**
- B. File a CTR for all transactions**
- C. Report suspicious activities**
- D. Maintain records of all deposits**

The BSA's "Travel Rule" specifically requires financial institutions to include certain information in payment orders of \$3,000 or more. This rule is designed to ensure that the necessary information about the sender and receiver of funds is transmitted along with the payment, thus promoting transparency and aiding in the fight against money laundering and other financial crimes. The goal of the Travel Rule is to maintain a trail of information that can be used to track illicit activities, making it harder for criminals to exploit the financial system. By mandating that specific data, such as the names and addresses of both the originator and the beneficiary, be included in wire transfers or other payment orders above the specified amount, it enhances the ability of authorities to monitor and investigate potentially suspicious transactions. This requirement aligns with broader BSA objectives, helping to establish a standard of communication between institutions to maximize compliance and efficiency in regulatory reporting and risk management in the financial sector.

9. Which of the following is NOT a required part of the OFAC program?

- A. Identifying high-risk areas**
- B. Recording customer complaints**
- C. Providing internal controls for screening**
- D. Creating training programs for relevant personnel**

The correct response, indicating that recording customer complaints is not a required part of the Office of Foreign Assets Control (OFAC) program, is based on the specific mandates outlined in the regulations governing OFAC compliance. An effective OFAC program focuses on risk management related to sanctions and ensuring that financial institutions can conduct their operations without encountering entities or individuals that are subject to U.S. sanctions. Key components of a robust OFAC program typically include: - Identifying high-risk areas, which helps institutions understand where their exposure to violations may be highest, allowing for proactive risk mitigation. - Providing internal controls for screening purposes, which involves implementing procedures to vet customers and transactions against OFAC's lists of sanctioned individuals and entities. - Developing training programs for personnel who interact with compliance obligations ensures that employees are adequately equipped to recognize and respond to potential OFAC violations. In contrast, while managing customer complaints may be important for customer service and overall business operations, it does not specifically align with the core objectives of an OFAC compliance program, which centers around sanctions enforcement and risk management. Consequently, it is not considered a mandatory element within the framework of OFAC requirements.

10. A credit union must file a CTR if a member purchases \$15,000 worth of traveler's checks with money from their checking account.

- A. True**
- B. False**
- C. Depends on the transaction**
- D. Only if cash is involved**

A credit union is required to file a Currency Transaction Report (CTR) when a member engages in a transaction involving cash that exceeds \$10,000. However, in the case of purchasing traveler's checks using funds from a checking account, the transaction does not involve cash. Instead, the member is using electronic funds from their account to make the purchase. Therefore, the transaction does not trigger the requirement to file a CTR, as there is no cash physical exchanged in the process. It is important to understand that CTR requirements are specifically focused on cash transactions. Cash here refers to physical currency, and transactions being conducted solely through bank accounts or checks do not meet the criteria. Thus, the correct interpretation is that the credit union would not need to file a CTR for the purchase since the transaction is made using funds from a checking account and does not involve any cash.

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://banksecrecyact.examzify.com>

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

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