

BANK SECRECY ACT COMPLIANCE SPECIALIST (BSACS) PRACTICE EXAM (SAMPLE) STUDY GUIDE

1040 Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Status ☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

First name and middle initial Last name Last name Apt. no. Your social security number
Spouse's social security number

Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

Foreign country name Foreign province/state/country Foreign postal code

any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? ☐ Yes ☐ No

Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Spouse: ☐ Was born before January 2, 1956 ☐ Is blind
☐ Were born before January 2, 1956 ☐ Are blind ☐ Social security number ☐ Relationship to you ☐ (4) ☒ If qualifies for (see instructions):
Child tax credit Credit for other dependents

1 Wages, salaries, tips, etc. Attach Form(s) W-2
2a Tax-exempt interest
3a Qualified dividends
4a IRA distributions
5a Pensions and annuities
6a Social security benefits
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here
8 Other income from Schedule 1, line 9
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income**
10a **Adjusted gross income**
10b Adjustments to income:
a From Schedule 1, line 22
b Charitable contributions if you take the standard deduction. See instructions
c Add lines 10a and 10b. These are your **total adjustments to income**
11 Subtract line 10c from line 9. This is your **adjusted gross income**
12 Standard deduction or itemized deductions (from Schedule A)
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A
14 Add lines 12 and 13
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-

1 2b 3b 4b 5b 6b 7 8 9 10a 10b 13 14 15

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://banksecrecyact.examzify.com>



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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 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
- 2. In the context of the BSA, what is necessary for verifying a purchaser's identity?**
 - A. Previous credit history
 - B. Specific identifying information
 - C. Proof of residence
 - D. Employment verification
- 3. What does the term "smurfing" refer to in the context of money laundering?**
 - A. Investing in stocks
 - B. Breaking down large amounts of cash into smaller transactions
 - C. Transferring money overseas
 - D. Collecting cash payments from multiple clients
- 4. What must all "transmittor financial institutions" include in the transmittal order?**
 - A. The amount of the transmittal order
 - B. Specific identifying information of the purchaser
 - C. Nature of the financial transaction
 - D. Method of payment used
- 5. When should a financial institution conduct a customer risk assessment?**
 - A. Only upon the investment of a large amount
 - B. When opening new accounts and periodically thereafter
 - C. When issuing credit cards only
 - D. At the end of the fiscal year

- 6. Which of the following does NOT fall under the identification and verification rules?**
- A. Joint owners
 - B. Non-resident aliens
 - C. Beneficiaries
 - D. Co-borrowers
- 7. How many days does BSA regulations require for filing a SAR after suspicious activity is detected?**
- A. 60 days
 - B. 30 days
 - C. 45 days
 - D. 90 days
- 8. What does "transaction monitoring" refer to?**
- A. The process of approving transactions within set limits
 - B. The ongoing process of reviewing customer transactions to identify suspicious or unusual patterns
 - C. A method for decreasing transaction fees
 - D. A tool for enhancing customer service
- 9. What federal agency oversees the regulation of MSBs?**
- A. Federal Reserve
 - B. FinCEN
 - C. FDIC
 - D. OCC
- 10. What does a Specific License allow an applicant to do?**
- A. Authorize any transaction without limits
 - B. File an application for transactions on a case-by-case basis
 - C. Automatically cover all future transactions
 - D. Prohibit any form of licensing

Answers

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

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Explanations

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1. 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.

2. In the context of the BSA, what is necessary for verifying a purchaser's identity?

- A. Previous credit history
- B. Specific identifying information**
- C. Proof of residence
- D. Employment verification

In the context of the Bank Secrecy Act (BSA), verifying a purchaser's identity primarily requires specific identifying information. This information typically includes the individual's name, date of birth, address, and government-issued identification number (such as a Social Security number or driver's license number). The BSA mandates that financial institutions implement measures to verify customers' identities to help prevent financial crimes such as money laundering and fraud. While factors like credit history, proof of residence, or employment verification could provide additional context about a customer, they do not serve as the foundational elements required by the BSA for identity verification. The focus on specific identifying information aligns directly with the objectives of the BSA, which seeks to ensure that financial institutions can accurately identify their customers and report suspicious activities appropriately.

3. What does the term "smurfing" refer to in the context of money laundering?

- A. Investing in stocks
- B. Breaking down large amounts of cash into smaller transactions**
- C. Transferring money overseas
- D. Collecting cash payments from multiple clients

The term "smurfing" in the context of money laundering refers to the practice of breaking down large amounts of cash into smaller transactions. This tactic is often employed to avoid detection and reporting thresholds set by financial institutions and regulatory authorities. When large sums of money are deposited or transferred as smaller increments, it significantly reduces the chance that these transactions will trigger Suspicious Activity Reports (SARs) or Currency Transaction Reports (CTRs), which are required for larger amounts. By using this method, individuals seeking to launder money can further disguise the origins of illicit funds and integrate them into the financial system with less scrutiny. Smurfing is effective because it leverages the principle of volume over size, allowing illicit actors to operate under the radar of regulatory systems designed to catch large-scale money laundering operations. Understanding this term is crucial for compliance professionals working to identify and combat money laundering activities effectively.

4. What must all "transmittor financial institutions" include in the transmittal order?

- A. The amount of the transmittal order**
- B. Specific identifying information of the purchaser
- C. Nature of the financial transaction
- D. Method of payment used

All "transmittor financial institutions" are required to include certain critical details in the transmittal order to ensure compliance with regulations and to maintain transparency in financial transactions. Including the amount of the transmittal order is crucial because it provides a clear record of the specific value being transmitted, which is essential for tracking the movement of funds and for reporting purposes under the Bank Secrecy Act (BSA). The amount allows for monitoring and evaluation against potential money laundering activities or suspicious transactions. It also plays a significant role in reporting thresholds that trigger regulatory scrutiny, such as the requirement to file a Currency Transaction Report (CTR) for transactions exceeding certain amounts. By capturing the precise amount, the financial institution preserves a clear and transparent audit trail, facilitating adherence to compliance mandates. While specific identifying information of the purchaser, the nature of the financial transaction, and the method of payment used are also important elements for comprehensive transaction records, the fundamental requirement for all transmittal orders starts with documenting the amount being transferred. This foundational detail supports regulatory and compliance efforts by providing a clear context for the entire transaction.

5. When should a financial institution conduct a customer risk assessment?

- A. Only upon the investment of a large amount
- B. When opening new accounts and periodically thereafter**
- C. When issuing credit cards only
- D. At the end of the fiscal year

A customer risk assessment is a critical component of a financial institution's compliance program, particularly in relation to the Bank Secrecy Act (BSA) and anti-money laundering (AML) regulations. Conducting a risk assessment when opening new accounts helps identify potential risks associated with the customer, their activities, and the type of services they will use. This initial assessment is crucial in determining the necessary baseline level of monitoring and controls required for that customer relationship. Furthermore, conducting periodic assessments after the initial evaluation ensures that the institution continuously evaluates any changes in the customer's risk profile over time. This might include changes in the customer's business activities, transaction patterns, or exposure to certain risks, which can be critical for ongoing compliance efforts. By regularly updating the risk assessment, the institution can adapt its monitoring and compliance strategies to effectively mitigate potential risks. In contrast, conducting a risk assessment only upon the investment of a large amount or only when issuing credit cards would restrict the institution's ability to comprehensively understand its customer base. Setting a specific time frame, such as the end of the fiscal year, would also inhibit timely adjustments to risks as customers change and evolve throughout the year. Continuous risk assessment is vital for robust BSA and AML compliance.

6. Which of the following does NOT fall under the identification and verification rules?

- A. Joint owners
- B. Non-resident aliens
- C. Beneficiaries**
- D. Co-borrowers

Beneficiaries do not fall under the identification and verification rules as defined by the Bank Secrecy Act (BSA) and the related regulations. The purpose of these rules is to ensure that financial institutions can identify and verify the identities of individuals and entities with whom they have a financial relationship, primarily at the time of account openings and certain transactions. Joint owners, non-resident aliens, and co-borrowers are all directly involved in the formation of a banking relationship or financial transaction, necessitating identification and verification processes. For example, joint owners have a legal stake in the account, non-resident aliens often require specific documentation due to their residency status, and co-borrowers share responsibility for a loan, meaning their identities also need to be verified. In contrast, beneficiaries, while they may be associated with accounts or financial products, do not have a direct financial relationship with the institution at the point of account opening. Their identification and verification are not typically required unless they are directly engaging in a transaction or account-related activity. This distinction is crucial within the framework of the BSA, as it focuses on preventing money laundering and ensuring consistent identification standards for active participants in financial transactions.

7. How many days does BSA regulations require for filing a SAR after suspicious activity is detected?

- A. 60 days
- B. 30 days**
- C. 45 days
- D. 90 days

The correct response is based on the requirement set by the Bank Secrecy Act (BSA) regulations regarding the filing of Suspicious Activity Reports (SARs). BSA mandates that a financial institution must file a SAR within 30 days after detecting suspicious activity. This timeframe is crucial for maintaining the integrity of financial systems and ensuring that law enforcement agencies can promptly investigate and respond to potential criminal activities. The 30-day timeframe is designed to enhance the effectiveness of suspicious activity reporting, thereby facilitating timely intervention in cases of fraud, money laundering, or other illicit activities that could undermine financial systems. Reporting within this period ensures that institutions comply with regulatory requirements and contribute to efforts in combating financial crime. Understanding this timeline is critical for BSA Compliance Specialists, as it directly impacts compliance programs and the institution's ability to mitigate risk effectively.

8. What does "transaction monitoring" refer to?

- A. The process of approving transactions within set limits
- B. The ongoing process of reviewing customer transactions to identify suspicious or unusual patterns**
- C. A method for decreasing transaction fees
- D. A tool for enhancing customer service

Transaction monitoring refers to the ongoing process of reviewing customer transactions to identify suspicious or unusual patterns. This practice is essential in the context of the Bank Secrecy Act (BSA) and anti-money laundering (AML) compliance, as it helps financial institutions detect and prevent fraudulent activity, money laundering, and other financial crimes. Through transaction monitoring, institutions are able to analyze various transaction types, amounts, and frequencies against established benchmarks or customer profiles. Unusual patterns that deviate from expected behavior can trigger alerts, prompting further investigation. This proactive scrutiny is vital for maintaining the integrity of financial systems and ensuring compliance with regulatory obligations. The other choices do not accurately describe the purpose or methodology associated with transaction monitoring. Approving transactions within set limits does not encompass the broader aspect of identifying suspicious activities. Methods for decreasing transaction fees and enhancing customer service relate to operational efficiency rather than compliance monitoring and do not address the critical need for vigilance against financial crimes.

9. What federal agency oversees the regulation of MSBs?

- A. Federal Reserve
- B. FinCEN**
- C. FDIC
- D. OCC

The correct choice is FinCEN, which stands for the Financial Crimes Enforcement Network. FinCEN is the primary federal agency responsible for overseeing the regulation and compliance of Money Services Businesses (MSBs) in the United States. Established under the Bank Secrecy Act, FinCEN aims to safeguard the financial system from illicit activities, including money laundering and terrorist financing. It serves as a conduit for collecting and analyzing financial transaction data, ensuring that MSBs comply with anti-money laundering (AML) and reporting requirements. FinCEN's role includes enforcing compliance requirements such as registration, recordkeeping, and reporting of suspicious activities by MSBs, making it the key regulatory body in this area. The agency provides guidance and regulations that MSBs must follow to operate lawfully and effectively contribute to the prevention of financial crime. Other agencies mentioned do have important regulatory roles within the broader financial system, but they do not specifically regulate MSBs. For instance, the Federal Reserve primarily oversees monetary policy and the stability of the banking system, while the FDIC focuses on insuring deposits and regulating certain banks. The OCC, or Office of the Comptroller of the Currency, supervises national banks and federal savings associations but does not specifically oversee MSBs. Therefore, the

10. What does a Specific License allow an applicant to do?

- A. Authorize any transaction without limits
- B. File an application for transactions on a case-by-case basis**
- C. Automatically cover all future transactions
- D. Prohibit any form of licensing

A Specific License is a permission granted by a government authority, usually in the context of economic sanctions or trade restrictions, which allows an applicant to engage in transactions or activities that would otherwise be prohibited under regulations. This license is not blanket coverage but is issued for individual scenarios or transactions, thus requiring the applicant to file an application for those specific transactions on a case-by-case basis. This means that each Specific License is tailored to the unique circumstances of a transaction, reflecting the government's intent to oversee and control the activities subject to regulations, rather than provide unrestricted approval for all potential transactions. In contrast to other options, a Specific License does not authorize unlimited transactions or automatically extend to future transactions, nor does it serve to prohibit licensing.

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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