

Certified Anti-Money Laundering Specialist Certification (CAMS) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

SAMPLE

- 1. Who issues an Account Monitoring Order?**
 - A. A financial institution**
 - B. A government authority**
 - C. Any local law enforcement agency**
 - D. A private investigator**
- 2. According to FATF Recommendation 30, what should competent authorities be provided with?**
 - A. Only financial resources**
 - B. Adequate financial, human, and technological resources**
 - C. Marketing tools for outreach**
 - D. External audits for accountability**
- 3. When might someone use an apostille?**
 - A. To sell a property in the same country**
 - B. To open a bank account overseas through mail**
 - C. To certify a diploma for a domestic job application**
 - D. To provide proof of identity during a local transaction**
- 4. What is a characteristic of an Open system Stored Value Card?**
 - A. Can be used only at specific merchants**
 - B. Can be loaded and used for purchases widely**
 - C. Has a fixed limit on transaction amounts**
 - D. Cannot be transferred between users**
- 5. What is the acronym for a system that allows for the transfer of funds electronically?**
 - A. EFT**
 - B. EDD**
 - C. EFA**
 - D. AML**

- 6. What is required for money transfer/exchange businesses according to FATF recommendations?**
- A. No regulation is necessary**
 - B. They should be unmonitored**
 - C. They must be registered and monitored**
 - D. They should operate independently**
- 7. Who primarily uses hawalas and alternative remittance systems?**
- A. Expatriates sending money back to their home country**
 - B. Government agencies transferring funds**
 - C. Corporations making international payments**
 - D. Tourists exchanging currency**
- 8. What is needed for effective monitoring of correspondence banking services?**
- A. An exclusive agreement with all clients**
 - B. Comprehensive audits and supervision**
 - C. A ban on overseas transactions**
 - D. Continuous client outreach programs**
- 9. Which of the following has been recently identified as an emerging money laundering risk?**
- A. Invoicing discrepancies**
 - B. Funds transfers**
 - C. Currency exchange fluctuations**
 - D. Asset diversification**
- 10. What feature is considered a key investigative resource of the BIS?**
- A. SWIFT code lookup feature**
 - B. Compliance tracking tool**
 - C. Accounting standards guide**
 - D. Market surveillance reports**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Who issues an Account Monitoring Order?

- A. A financial institution
- B. A government authority**
- C. Any local law enforcement agency
- D. A private investigator

An Account Monitoring Order is typically issued by a government authority. This is because such orders are part of a legal process involving the oversight of transactions within specified accounts to detect suspicious or potentially illegal activity. The authority responsible for issuing these orders often has the necessary legal powers and jurisdiction to monitor financial activities, which enables them to work effectively in the enforcement of anti-money laundering and other financial regulations. Financial institutions, local law enforcement agencies, and private investigators may engage with account monitoring or report suspicious activities, but they lack the formal authority to issue an order for monitoring accounts. Instead, they may report their findings to the appropriate government authority, which can then determine if an order is warranted based on the evidence provided. This process ensures that the monitoring is conducted in a manner that is compliant with the law and protects the integrity of financial systems.

2. According to FATF Recommendation 30, what should competent authorities be provided with?

- A. Only financial resources
- B. Adequate financial, human, and technological resources**
- C. Marketing tools for outreach
- D. External audits for accountability

FATF Recommendation 30 emphasizes the necessity for competent authorities to possess adequate resources to effectively carry out their responsibilities related to anti-money laundering (AML) and combating the financing of terrorism (CFT). This recommendation sets forth that these authorities must be equipped not just with financial resources, but also with sufficient human and technological resources. Having a well-rounded set of resources ensures that competent authorities can investigate suspicious activities, enforce compliance, and carry out necessary inspections and audits. Financial resources alone would limit an authority's capacity to operate effectively. Human resources, including trained personnel, are crucial for interpreting data, conducting investigations, and engaging with other stakeholders. Technological resources are increasingly vital for analyzing large sets of data, identifying trends, and enhancing overall operational efficiency. The other options focus narrowly on specific types of resources or tools that do not align with the comprehensive approach outlined in Recommendation 30. For instance, marketing tools for outreach do not directly contribute to the operational effectiveness of competent authorities in AML/CFT efforts, and external audits, while important for accountability, do not ensure that authorities are equipped to fulfill their roles adequately.

3. When might someone use an apostille?

- A. To sell a property in the same country
- B. To open a bank account overseas through mail**
- C. To certify a diploma for a domestic job application
- D. To provide proof of identity during a local transaction

An apostille is a certificate that authenticates the origin of a public document, and it is particularly relevant in international contexts. In the case of opening a bank account overseas, especially through mail, the bank often requires proof that the documents being submitted (like identification or proof of residency) are legitimate and have been properly notarized. An apostille allows for the documents to be recognized as valid across international borders by confirming that they were issued by an authority in one country and have been authenticated for use in another. Using an apostille when opening a bank account overseas provides the necessary legal backing that the documents are genuine, thereby facilitating transactions between international financial institutions and complying with their regulations. Conversely, the other options listed—selling property, certifying a diploma for a domestic job, or providing proof of identity during local transactions—usually do not require the same level of international validation, as they occur within one country's legal framework where an apostille is not necessary.

4. What is a characteristic of an Open system Stored Value Card?

- A. Can be used only at specific merchants
- B. Can be loaded and used for purchases widely**
- C. Has a fixed limit on transaction amounts
- D. Cannot be transferred between users

An Open system Stored Value Card is designed to offer flexibility and versatility in how it can be used. The defining characteristic of such cards is that they can be loaded with funds and used for a wide range of purchases. Unlike closed system cards, which restrict usage to specific merchants or limited settings, open system cards are accepted broadly, often at multiple locations and various types of businesses. This wide acceptance is particularly advantageous for consumers who desire the convenience of using a single card for different types of transactions. The other options mention limitations that do not align with the nature of Open system Stored Value Cards. They typically do not restrict usage to specific merchants, do not enforce a fixed limit on transaction amounts (beyond the card balance), and generally allow for transferability between users, which further emphasizes their versatility and usability in everyday transactions.

5. What is the acronym for a system that allows for the transfer of funds electronically?

- A. EFT**
- B. EDD**
- C. EFA**
- D. AML**

The acronym EFT stands for Electronic Funds Transfer, which is a system that facilitates the electronic movement of money from one bank account to another. This process allows for real-time processing of transactions and helps streamline payments, making it more efficient compared to traditional methods such as checks or cash. EFT encompasses various forms of electronic payment, including direct deposits, wire transfers, and online bill pay, effectively modernizing how individuals and businesses manage their financial transactions. This system is crucial in today's digital economy, where speed and convenience in financial dealings are highly valued. Other options like EDD (Enhanced Due Diligence), EFA (Electronic Funds Access), and AML (Anti-Money Laundering) relate to different aspects of banking and finance but do not pertain specifically to electronic transfers of funds. Understanding the role of EFT within the framework of financial transactions highlights its importance in anti-money laundering efforts by ensuring that electronic transactions are monitored for suspicious behavior, reinforcing the overall integrity of the financial system.

6. What is required for money transfer/exchange businesses according to FATF recommendations?

- A. No regulation is necessary**
- B. They should be unmonitored**
- C. They must be registered and monitored**
- D. They should operate independently**

Money transfer and exchange businesses are recognized as potential risk areas for money laundering and terrorist financing activities, making it crucial for them to be effectively regulated and monitored. According to the Financial Action Task Force (FATF) recommendations, these businesses must be registered and monitored to ensure compliance with anti-money laundering (AML) regulations. Registration helps establish a formal framework where businesses can be identified and held accountable for their operations. Monitoring further ensures that these businesses adhere to existing regulations, implement necessary internal controls, and conduct adequate customer due diligence. This is essential in identifying and mitigating risks associated with illicit financial flows. The emphasis on registration and monitoring reflects an understanding that these financial entities can be exploited if they are not subject to proper oversight, thereby reinforcing the integrity of the financial system as a whole.

7. Who primarily uses hawalas and alternative remittance systems?

- A. Expatriates sending money back to their home country**
- B. Government agencies transferring funds**
- C. Corporations making international payments**
- D. Tourists exchanging currency**

Hawalas and alternative remittance systems primarily serve expatriates sending money back to their home country. These informal systems provide a way for individuals, often migrant workers, to transfer funds across borders without relying on traditional banking systems, which may involve higher fees and regulatory hurdles. Expatriates typically prefer these methods for several reasons: they often offer lower transaction costs, faster transfer times, and a degree of anonymity that can be appealing in regions where traditional banking is less accessible or trusted. Additionally, these systems are often based on trust and familial or community ties, making them a practical solution for sending money home to support families. While the other groups mentioned do use various methods for transferring funds, they are not the primary users of hawalas and alternative remittance systems. Government agencies usually work through formal financial systems and established banking channels. Corporations often utilize formal banking mechanisms or wires for international payments, ensuring compliance with local and international regulations. Tourists exchanging currency typically engage with currency exchange services rather than remittance systems focused on transferring funds to a specific individual's home country.

8. What is needed for effective monitoring of correspondence banking services?

- A. An exclusive agreement with all clients**
- B. Comprehensive audits and supervision**
- C. A ban on overseas transactions**
- D. Continuous client outreach programs**

Effective monitoring of correspondence banking services necessitates comprehensive audits and supervision. This approach is critical because it allows financial institutions to systematically assess the risk associated with their correspondent banking relationships. Through thorough audits, institutions can evaluate the activities and transactions flowing through these accounts, ensuring they are legitimate and comply with regulatory standards. Comprehensive supervision also involves continuous oversight and evaluation of compliance measures in place. It ensures that the institution can detect any irregularities or suspicious activities quickly. Such a structured approach helps financial institutions mitigate the risks of money laundering and other financial crimes that can arise from correspondence banking, which often involves cross-border transactions and increases the complexity of monitoring. While agreements with clients, bans on transactions, and outreach programs can be elements of a larger risk management strategy, they do not independently ensure the ongoing oversight and comprehensive risk assessment that audits and supervision provide. Thus, comprehensive audits and supervision are indispensable for fostering a robust compliance environment in correspondence banking services.

9. Which of the following has been recently identified as an emerging money laundering risk?

- A. Invoicing discrepancies**
- B. Funds transfers**
- C. Currency exchange fluctuations**
- D. Asset diversification**

Funds transfers have gained attention as an emerging money laundering risk due to the increasing speed and cross-border nature of transactions in today's financial environment. With the rise of digital payment solutions and online banking, the potential for individuals to move money quickly and anonymously has heightened the risk of illicit activities. Criminals can exploit the rapid transfer capabilities to obscure the origin of funds, making it challenging for financial institutions to identify suspicious activities. While invoicing discrepancies may present risks, particularly in relation to trade-based money laundering, they do not carry the same urgency as the direct movement of funds. Currency exchange fluctuations can impact investment strategies but are not inherently linked to money laundering activities. Similarly, asset diversification is a legitimate financial strategy and does not represent a direct risk for money laundering in the same way that quick and less transparent funds transfers do. Therefore, the recognition of funds transfers as a significant threat helps institutions focus their anti-money laundering efforts effectively.

10. What feature is considered a key investigative resource of the BIS?

- A. SWIFT code lookup feature**
- B. Compliance tracking tool**
- C. Accounting standards guide**
- D. Market surveillance reports**

The SWIFT code lookup feature serves as a key investigative resource for the Bank for International Settlements (BIS). This functionality enables investigators to identify and verify financial transactions by checking the unique codes associated with different banks and financial institutions. This is particularly important in anti-money laundering efforts, as understanding the network of financial relationships and tracing the flow of funds is essential for identifying suspicious activities and potential laundering operations. The ability to trace transactions through the SWIFT system helps in establishing a clearer picture of how money moves across borders, which is crucial for regulatory and compliance purposes. While other resources, like compliance tracking tools or market surveillance reports, may assist investigations, the SWIFT code lookup stands out due to its direct relevance to tracing and verifying transactions across the global banking system.