

Certified Anti-Money Laundering Specialist Certification (CAMS) 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

- 1. Which requirement does FATF Recommendation 2 emphasize?**
 - A. Encouraging financial institutions to promote their services**
 - B. Ensuring knowledge related to money laundering can be inferred**
 - C. Requiring annual reviews of all banking procedures**
 - D. Redefining the role of legal persons in banking**
- 2. What is the primary goal of the Egmont Group?**
 - A. To regulate financial transactions globally**
 - B. To enhance collaboration among financial institutions**
 - C. To support Financial Intelligence Units in improving national AML programs**
 - D. To establish uniform laws against money laundering**
- 3. Which elements are included in the Wolfsberg AML Principles related to Private Banking?**
 - A. Taxation strategies and compliance**
 - B. Customer service and marketing strategies**
 - C. General recommendations for client acceptance and monitoring**
 - D. Investment strategies and risk assessment**
- 4. Which body plays a key role in conducting the FSAP?**
 - A. International Finance Corporation**
 - B. World Trade Organization**
 - C. International Monetary Fund (IMF)**
 - D. World Customs Organization**
- 5. What role does an agent in the insurance industry play?**
 - A. They manage policyholder claims**
 - B. They act on behalf of insurers under a contractual agreement**
 - C. They provide financial advice to clients**
 - D. They verify the credentials of insurance companies**

- 6. What is a primary function of a Commodity Pool?**
- A. To buy real estate directly**
 - B. To trade futures or options contracts**
 - C. To provide loans to members**
 - D. To manage public investment funds**
- 7. How is 'Legal Risk' defined in the context of the Basel Due Diligence Principles?**
- A. The risk of incurring financial losses only**
 - B. The risk of potential lawsuits or unenforceable contracts**
 - C. The risk associated with operational failures**
 - D. The risk of regulatory penalties only**
- 8. What is a critical aspect of employee training in AML programs?**
- A. Training on financial investing**
 - B. Knowledge of regulatory compliance and policies**
 - C. Emphasis on personal finance management**
 - D. Instructions on bookkeeping practices**
- 9. What was the specific focus of UN Security Council Resolution 1373?**
- A. General crime prevention**
 - B. Cybersecurity measures**
 - C. Terrorism and terrorist financing**
 - D. International trade regulations**
- 10. What is a potential outcome of boiler room activities?**
- A. Sustained market growth**
 - B. Investor awareness and education**
 - C. Financial losses for unsuspecting investors**
 - D. Improved investor confidence**

Answers

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

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Explanations

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1. Which requirement does FATF Recommendation 2 emphasize?

- A. Encouraging financial institutions to promote their services
- B. Ensuring knowledge related to money laundering can be inferred**
- C. Requiring annual reviews of all banking procedures
- D. Redefining the role of legal persons in banking

FATF Recommendation 2 emphasizes the importance of understanding and assessing money laundering and terrorist financing risks. The focus is on ensuring that countries develop and implement measures to identify and assess the risks associated with these activities. This includes a requirement for financial institutions to have a deep understanding of potential risks within their operations, which influences their policies and procedures for combating money laundering. The emphasis here is on knowledge and awareness as fundamental components in the development of effective anti-money laundering regime. By ensuring that there is a robust comprehension of money laundering risks, institutions are better positioned to tailor their compliance frameworks to address specific vulnerabilities and minimize opportunities for crime. The other options do not align with the core focus of Recommendation 2. For instance, promoting services, annual banking procedures reviews, or redefining the role of legal entities are not central themes outlined in this recommendation. Thus, the selective focus on understanding and assessing money laundering risks directly aligns with the intent of FATF Recommendation 2.

2. What is the primary goal of the Egmont Group?

- A. To regulate financial transactions globally
- B. To enhance collaboration among financial institutions
- C. To support Financial Intelligence Units in improving national AML programs**
- D. To establish uniform laws against money laundering

The primary goal of the Egmont Group is to support Financial Intelligence Units (FIUs) in enhancing their effectiveness and improving national anti-money laundering (AML) programs. This international organization plays a crucial role in facilitating the exchange of information and best practices among FIUs from different countries. By prioritizing this support, the Egmont Group aims to strengthen the overall ability of its members to combat money laundering and the financing of terrorism. The Egmont Group provides a platform for FIUs to collaborate and share intelligence, which is vital in responding effectively to threats posed by financial crimes. This collaborative approach not only aids in the detection and prevention of money laundering activities but also helps ensure that countries can implement more effective AML measures tailored to their specific needs and challenges. While enhancing collaboration among financial institutions is important, the core function of the Egmont Group revolves around empowering FIUs, which directly aligns with the goal of improving national AML programs. Therefore, supporting FIUs is a fundamental aspect of the group's mission, making it the correct choice in this context.

3. Which elements are included in the Wolfsberg AML Principles related to Private Banking?

- A. Taxation strategies and compliance**
- B. Customer service and marketing strategies**
- C. General recommendations for client acceptance and monitoring**
- D. Investment strategies and risk assessment**

The Wolfsberg AML Principles for Private Banking emphasize a framework that is essential for the effective management of money laundering risks within private banking services. One of the foundational elements of these principles is the establishment of general recommendations for client acceptance and monitoring. This includes guidelines on conducting thorough due diligence processes when onboarding clients, which is critical for identifying potential risks associated with money laundering activities. By focusing on client acceptance and ongoing monitoring, these principles ensure that private banks can adequately assess and manage the risks posed by their clients. This involves implementing robust Know Your Customer (KYC) procedures, which are vital in establishing a clear understanding of a client's background, sources of wealth, and transactional behaviors. Contextually, other aspects such as taxation strategies, customer service, and investment strategies are important in the broader context of banking operations but do not directly align with the core objectives of the Wolfsberg AML Principles, which are primarily designed to mitigate the risks associated with money laundering. This highlights the importance of client acceptance and monitoring as critical components of an effective anti-money laundering framework in the realm of private banking.

4. Which body plays a key role in conducting the FSAP?

- A. International Finance Corporation**
- B. World Trade Organization**
- C. International Monetary Fund (IMF)**
- D. World Customs Organization**

The International Monetary Fund (IMF) plays a crucial role in conducting the Financial Sector Assessment Program (FSAP). The FSAP is a comprehensive and integrated analysis that assesses the robustness of a country's financial system, including its resilience to shocks and the effectiveness of its regulatory and supervisory frameworks. This program is designed to help countries identify vulnerabilities and strengthen their financial sectors, making them better equipped to withstand economic challenges. The IMF's involvement in the FSAP is important because it enables the organization to provide tailored policy advice and technical assistance aimed at improving financial stability. By evaluating both the financial institutions and the regulatory environment, the IMF helps member countries implement reforms necessary to enhance the soundness and efficiency of their financial sectors. While other organizations listed in the options have significant roles in global economic governance, trade, and customs, they do not directly conduct or have a primary responsibility for the FSAP. The International Finance Corporation focuses on private sector development, the World Trade Organization deals with trade agreements and policies, and the World Customs Organization is concerned with customs administration and trade security. Hence, the IMF is clearly identified as the key body for the FSAP, reinforcing its central role in promoting global financial stability.

5. What role does an agent in the insurance industry play?

- A. They manage policyholder claims**
- B. They act on behalf of insurers under a contractual agreement**
- C. They provide financial advice to clients**
- D. They verify the credentials of insurance companies**

An agent in the insurance industry acts on behalf of insurers under a contractual agreement, making this the correct answer. This role is critical as agents serve as intermediaries between insurance companies and policyholders. They are responsible for selling insurance policies, advising clients on coverage options, and helping them understand the terms and conditions. Agents can represent a single insurer or multiple companies, which allows them to offer diverse policies that best meet the needs of their clients. The function of managing policyholder claims is typically assigned to claims adjusters or claims representatives rather than agents, highlighting a separation of duties within the insurance process. Providing financial advice is not exclusively the role of agents; financial advisors specifically focus on a broader range of financial products and strategies. Lastly, verifying the credentials of insurance companies is usually handled by regulatory bodies or rating agencies, not agents, emphasizing the distinct responsibilities within the insurance industry.

6. What is a primary function of a Commodity Pool?

- A. To buy real estate directly**
- B. To trade futures or options contracts**
- C. To provide loans to members**
- D. To manage public investment funds**

A commodity pool primarily serves the purpose of pooling funds from multiple investors to trade in commodity futures or options contracts. This investment structure allows individual investors to participate in the commodities market, which they might not be able to access on their own due to high capital requirements or the complexities involved in trading these instruments. The essence of a commodity pool lies in its pooled resources, which are professionally managed to speculate on the price movements of various commodities. Participants are typically seeking to gain exposure to this market as a means of diversification, hedging against inflation, or achieving capital growth. The other options do not accurately reflect the primary function of a commodity pool. Buying real estate directly, providing loans to members, or managing public investment funds pertain to different investment strategies or financial structures that do not align with the primary objective of commodity pooling, which is focused specifically on futures and options trading.

7. How is 'Legal Risk' defined in the context of the Basel Due Diligence Principles?

- A. The risk of incurring financial losses only**
- B. The risk of potential lawsuits or unenforceable contracts**
- C. The risk associated with operational failures**
- D. The risk of regulatory penalties only**

In the context of the Basel Due Diligence Principles, 'Legal Risk' is defined primarily as the risk of potential lawsuits or unenforceable contracts. This definition encompasses the possibility that a financial institution could face legal actions due to non-compliance with laws and regulations, breaches of contracts, or other legal disputes. Legal risk extends beyond just the financial implications; it involves uncertainty in operating within the legal framework, which can affect the institution's reputation and operational effectiveness. For instance, if an institution enters into a contract that is later deemed unenforceable, it could face significant financial implications, but the primary concern is the legal challenge itself and the potential for litigation. By focusing on the risk of lawsuits or unenforceable contracts, this definition highlights the importance of having thorough legal and compliance frameworks in place to mitigate potential disputes and maintain the integrity of the institution's operations. This contrasts with other options, which either narrow the focus to financial losses or penalties, or address operational failures, thereby not fully encapsulating the broader scope of what legal risk entails in this context.

8. What is a critical aspect of employee training in AML programs?

- A. Training on financial investing**
- B. Knowledge of regulatory compliance and policies**
- C. Emphasis on personal finance management**
- D. Instructions on bookkeeping practices**

Knowledge of regulatory compliance and policies is a critical aspect of employee training in anti-money laundering (AML) programs because it equips employees with a comprehensive understanding of the legal framework and requirements that govern their actions. Employees must be aware of the specific laws, regulations, and institutional policies related to AML to ensure that they can identify suspicious activity, understand reporting obligations, and contribute effectively to the organization's compliance efforts. Training focused on regulatory compliance enables employees to recognize the potential consequences of non-compliance, including penalties and reputational damage to the institution. Moreover, well-informed employees are better prepared to adapt to changes in regulations, helping the organization maintain an effective and responsive AML strategy. Overall, this knowledge creates a strong foundation for a culture of compliance within the organization, making it essential for the successful implementation of AML initiatives.

9. What was the specific focus of UN Security Council Resolution 1373?

- A. General crime prevention**
- B. Cybersecurity measures**
- C. Terrorism and terrorist financing**
- D. International trade regulations**

The specific focus of UN Security Council Resolution 1373 is on terrorism and terrorist financing. Adopted in the aftermath of the September 11 attacks in 2001, this resolution establishes a framework for member states to prevent and combat terrorism on a global scale. It emphasizes the need for countries to criminalize the financing of terrorism and to take action against those who collect or provide funds for terrorist activities. The resolution also underscores the importance of enhancing international cooperation and information sharing in the fight against terrorism. By highlighting the connection between terrorism and its funding sources, the resolution aims to disrupt the financial networks that support terrorist groups, making it a crucial component of international efforts to combat terrorism. This focus on both the act of terrorism itself and the financing mechanisms that enable these activities is central to understanding how global governance tackles security threats related to terrorism.

10. What is a potential outcome of boiler room activities?

- A. Sustained market growth**
- B. Investor awareness and education**
- C. Financial losses for unsuspecting investors**
- D. Improved investor confidence**

The potential outcome of boiler room activities is primarily characterized by financial losses for unsuspecting investors. Boiler room operations typically involve unscrupulous sales tactics where brokers cold-call potential investors to sell dubious or non-existent investments. These activities often target uninformed individuals, leading them to invest their money into schemes that promise unrealistic returns. As a result, when these investments fail, which is commonplace in boiler room scams, the investors suffer significant financial losses. This practice undermines trust in legitimate investment opportunities and is a stark reminder of the importance of due diligence and investor education. The other outcomes listed, such as sustained market growth, investor awareness and education, and improved investor confidence, are unlikely because boiler room operations generally create distrust and financial harm in the market.

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://cams.examzify.com>

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