

CERTIFIED ANTI-MONEY LAUNDERING SPECIALIST CERTIFICATION (CAMS) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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 are the three stages of money laundering?**
 - A. Placement, Separation, Integration
 - B. Placement, Layering, Integration
 - C. Identification, Layering, Integration
 - D. Integration, Distribution, Reinvestment
- 2. What does the Bank Secrecy Act (BSA) enforce?**
 - A. Mandatory bank account disclosure for all customers
 - B. Automatic approval for large transactions
 - C. Regulatory controls on financial institutions and record-keeping requirements
 - D. Comprehensive privacy legislation for banks
- 3. What federal regulator is responsible for auditing risk and compliance measures of federally chartered banks?**
 - A. Federal Reserve
 - B. Office of the Comptroller of the Currency
 - C. Financial Industry Regulatory Authority
 - D. Consumer Financial Protection Bureau
- 4. Which tool is identified as essential for taking effective action against money laundering?**
 - A. International cooperation
 - B. Confiscation
 - C. Regulatory oversight
 - D. Increased taxation on financial institutions
- 5. What is essential for promoting international cooperation in combatting money laundering?**
 - A. Rigid adherence to local laws
 - B. A wide range of cooperation between countries
 - C. Restricting information sharing
 - D. Lack of trust in foreign authorities

- 6. Which of the following can often be a feature of an Open System Stored Value Card?**
- A. Restricted to domestic transactions
 - B. Non-customers can purchase them
 - C. Can only be loaded once
 - D. Requires a bank account to operate
- 7. What is AMLID primarily used for?**
- A. To track financial crimes
 - B. To provide information for law enforcement in cross-jurisdictional work
 - C. To manage anti-money laundering audits
 - D. To monitor asset protection strategies
- 8. What is a Futures Commission Merchant (FCM)?**
- A. A regulatory body overseeing futures contracts
 - B. A firm that exclusively sells commodities
 - C. A firm that solicits or accepts orders on futures contracts
 - D. An independent advisor for futures trading
- 9. What type of contract requires delivery of a commodity at a specified future date?**
- A. Option Contract
 - B. Forwards
 - C. Futures
 - D. Swap Contract
- 10. What characterizes a convertible bond?**
- A. It can be converted into cash after maturity
 - B. It grants a fixed interest rate for its entire term
 - C. It gives the holder an option to convert to other securities
 - D. It is unsecured and has a lower interest rate

Answers

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

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Explanations

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1. What are the three stages of money laundering?

- A. Placement, Separation, Integration
- B. Placement, Layering, Integration**
- C. Identification, Layering, Integration
- D. Integration, Distribution, Reinvestment

The three stages of money laundering are accurately defined as placement, layering, and integration. In the placement stage, illicit funds are introduced into the financial system, often through methods like cash deposits, purchases of assets, or using shell companies. This stage involves the critical task of distancing the money from its illegal source to begin the laundering process. Layering follows placement and focuses on obscuring the origins of the money. This is achieved through a series of complex financial transactions that make tracing the original source of the funds more challenging. Layering may involve wire transfers, changing currencies, or investing in various financial instruments to further distance the funds from their illicit origins. Finally, the integration phase involves reintroducing the cleaned money into the legitimate economy. At this point, the funds can be utilized without raising suspicion, appearing to have derived from a legitimate source. This stage is crucial as the objective of a money launderer is to make the illegal funds appear legal and available for use. The other options do not accurately capture the recognized stages of money laundering as understood in the context of anti-money laundering frameworks. Identifying, separation, distribution, or reinvestment are not specifically defined stages in the traditional model of money laundering. Understanding these defined stages is essential for

2. What does the Bank Secrecy Act (BSA) enforce?

- A. Mandatory bank account disclosure for all customers
- B. Automatic approval for large transactions
- C. Regulatory controls on financial institutions and record-keeping requirements**
- D. Comprehensive privacy legislation for banks

The Bank Secrecy Act (BSA) is instrumental in the detection and prevention of money laundering and other financial crimes. It enforces regulatory controls on financial institutions, requiring them to implement various measures to combat illegal activities. These measures include the establishment of internal policies and procedures, as well as the implementation of record-keeping requirements that mandate institutions to document certain transactions, maintain customer identification programs (CIPs), and report suspicious activities. This framework is essential for ensuring that financial institutions take proactive steps to monitor and report on customer activities, particularly those that could indicate money laundering or terrorism financing. By having stringent record-keeping requirements, the BSA enables law enforcement agencies to investigate and act against financial crimes more effectively. The other options, such as mandatory account disclosures, automatic approvals for large transactions, and comprehensive privacy legislation, do not accurately reflect the core objectives and provisions of the BSA. Thus, understanding the BSA's focus on enhancing regulatory controls and record-keeping is crucial for anyone studying anti-money laundering compliance.

3. What federal regulator is responsible for auditing risk and compliance measures of federally chartered banks?

- A. Federal Reserve
- B. Office of the Comptroller of the Currency**
- C. Financial Industry Regulatory Authority
- D. Consumer Financial Protection Bureau

The Office of the Comptroller of the Currency (OCC) is tasked with overseeing and auditing the risk and compliance measures of federally chartered banks. As a bureau of the U.S. Department of the Treasury, the OCC ensures that these banks operate in a safe and sound manner, adhering to the laws and regulations governing bank operations. The OCC specifically focuses on the integrity of the banking system and promotes the financial stability of the institutions under its jurisdiction. It evaluates banks' risk management practices, compliance with consumer protection laws, and adherence to anti-money laundering regulations, making it the appropriate regulator for this role. While the Federal Reserve also plays a critical role in the regulation of banking institutions, it primarily oversees holding companies and certain state-chartered banks. The Financial Industry Regulatory Authority (FINRA) is not involved with federally chartered banks as it primarily regulates brokerage firms and exchange markets. The Consumer Financial Protection Bureau (CFPB) focuses on consumer protection in financial services, but it does not have the same regulatory authority over compliance as the OCC.

4. Which tool is identified as essential for taking effective action against money laundering?

- A. International cooperation
- B. Confiscation**
- C. Regulatory oversight
- D. Increased taxation on financial institutions

The identification of confiscation as essential for taking effective action against money laundering highlights the importance of removing the financial benefits gained from criminal activities. Confiscation acts as a critical deterrent to money laundering by ensuring that individuals cannot enjoy the proceeds of their illegal actions. When authorities seize assets obtained through illicit activities, it disrupts the cycle of crime and serves as a strong message that engaging in money laundering will result in tangible losses. Confiscation plays a vital role in reinforcing the integrity of the financial system. By eliminating the funding for further criminal enterprises, confiscation not only impacts the specific offenders but also contributes to broader efforts to deter future money laundering activities. The effectiveness of this tool is bolstered when supported by robust legal frameworks and effective enforcement mechanisms. Other aspects, while important, serve different functions. International cooperation facilitates information sharing and coordinated efforts across jurisdictions, enhancing the global fight against money laundering. Regulatory oversight ensures that financial institutions adhere to compliance measures, but without the power to confiscate illicit funds, the effectiveness of these regulations may be limited. Increased taxation on financial institutions does not directly target or deter money laundering; rather, it could impose additional burdens on legitimate financial operations without directly addressing the root problem of illicit financial flows. Thus, confiscation stands

5. What is essential for promoting international cooperation in combatting money laundering?

- A. Rigid adherence to local laws
- B. A wide range of cooperation between countries**
- C. Restricting information sharing
- D. Lack of trust in foreign authorities

Promoting international cooperation in combatting money laundering relies heavily on fostering a wide range of cooperation between countries. Effective collaboration enables nations to share intelligence, resources, and best practices, which can significantly enhance the ability to track, prevent, and prosecute money laundering activities that often cross borders. Countries may face diverse regulatory environments, but a collective approach that emphasizes partnership allows for the establishment of frameworks for information exchange, joint investigations, and mutual legal assistance, vital for tackling the complexities of international financial crimes. Strengthened intergovernmental relations bolster the capacity of law enforcement and financial institutions to act swiftly in response to cross-border threats, while also helping to build global resilience against money laundering. In contrast, rigid adherence to local laws can impede cooperation, as it may prevent jurisdictions from aligning on standards or practices that facilitate mutual efforts. Restricting information sharing hampers the flow of necessary intelligence, which is critical for understanding and addressing the global nature of money laundering schemes. A lack of trust in foreign authorities would further undermine potential collaborations, as nations would be hesitant to engage or share information with entities they do not perceive as reliable or competent. Thus, a wide range of cooperation is paramount to building a unified front against money laundering.

6. Which of the following can often be a feature of an Open System Stored Value Card?

- A. Restricted to domestic transactions
- B. Non-customers can purchase them**
- C. Can only be loaded once
- D. Requires a bank account to operate

An Open System Stored Value Card is characterized by its ability to be utilized for a variety of transactions without strict limitations often associated with bank accounts or specific service providers. The fact that non-customers can purchase these cards indicates their accessibility and widespread use in multiple locations, allowing customers to load funds onto them and use them for transactions like purchases at merchants or online. This feature enhances financial inclusion, as it allows individuals who may not have access to traditional banking services to engage in electronic transactions. In contrast, the other options do not align with the typical characteristics of Open System Stored Value Cards. For instance, being restricted to domestic transactions might limit versatility; similarly, if a card can only be loaded once, it would reduce its functionality significantly. Lastly, requiring a bank account to operate would contradict the primary purpose of such cards, which is to serve as an alternative payment method for those without traditional banking options. Therefore, the ability for non-customers to purchase these cards highlights their essential feature of providing access to financial services for a broader audience.

7. What is AMLID primarily used for?

- A. To track financial crimes
- B. To provide information for law enforcement in cross-jurisdictional work**
- C. To manage anti-money laundering audits
- D. To monitor asset protection strategies

The primary purpose of AMLID, or the Anti-Money Laundering Information Database, is to provide valuable information for law enforcement agencies, especially when their work crosses various jurisdictions. This database plays a crucial role in sharing intelligence, facilitating collaboration, and enhancing the ability of law enforcement to tackle complex financial crimes that often span multiple regions or countries. By streamlining access to pertinent data, AMLID assists in building cases against individuals or organizations involved in money laundering and related financial crimes. The information compiled within this database can include suspicious activity reports, transaction histories, and other relevant details that support investigative efforts. In contrast, the other options focus on different aspects of anti-money laundering efforts. Tracking financial crimes involves a broad range of activities and tools, while managing anti-money laundering audits pertains to compliance and monitoring within institutions. Monitoring asset protection strategies relates more to safeguarding assets rather than facilitating law enforcement's investigative processes.

8. What is a Futures Commission Merchant (FCM)?

- A. A regulatory body overseeing futures contracts
- B. A firm that exclusively sells commodities
- C. A firm that solicits or accepts orders on futures contracts**
- D. An independent advisor for futures trading

A Futures Commission Merchant (FCM) is accurately defined as a firm that solicits or accepts orders for futures contracts. This role is essential in the futures market, as FCMs act as intermediaries between buyers and sellers. They facilitate the trading of futures contracts by executing customer orders on exchanges, managing their clients' accounts, and ensuring compliance with regulatory requirements. As part of their responsibilities, FCMs also handle collateral management and provide clients with access to market information and trading tools. Their involvement helps maintain liquidity in the markets and supports participants in managing their trading risks effectively. The incorrect choices reflect various misconceptions about the function of an FCM. A regulatory body does not have a trading role but instead oversees market operations and ensures that all parties comply with laws and regulations. A firm that exclusively sells commodities does not encapsulate the broader role of an FCM, which focuses on futures contracts, not just physical commodities. Lastly, an independent advisor for futures trading refers to a different kind of service, as this role typically involves providing advice or strategy rather than executing trades directly, which is the core function of an FCM.

9. What type of contract requires delivery of a commodity at a specified future date?

- A. Option Contract
- B. Forwards
- C. Futures**
- D. Swap Contract

Futures contracts are agreements to buy or sell a commodity at a predetermined price on a specific future date. These contracts are standardized and traded on exchanges, which provide a regulated environment for the transaction. One of the key characteristics of futures contracts is that they require the delivery of the underlying asset (the commodity) on the specified date, which is known as the expiration date of the contract. This delivery aspect differentiates futures from other types of contracts, such as options, where the buyer has the right but not the obligation to execute the contract, and forwards, which are typically private agreements and more flexible but involve delivery terms that are negotiated directly between parties. Swaps focus on exchanging cash flows and do not typically involve the delivery of commodities.

10. What characterizes a convertible bond?

- A. It can be converted into cash after maturity
- B. It grants a fixed interest rate for its entire term
- C. It gives the holder an option to convert to other securities**
- D. It is unsecured and has a lower interest rate

A convertible bond is characterized by its ability to provide the holder with the option to convert the bond into a predetermined number of the issuing company's equity shares or other securities. This feature allows investors to potentially benefit from the company's growth and capital appreciation, offering an opportunity to convert when the market conditions are favorable. In contrast, merely converting a bond into cash after maturity is not an option; the bondholder typically receives the face value upon maturity. Additionally, while a fixed interest rate is a common feature of many bonds, it does not specifically define a convertible bond. Lastly, while some convertible bonds can indeed be unsecured or have lower interest rates, these aspects do not capture the defining trait of the bond's convertibility into equity. The ability to transition into another form of investment, specifically equity, is what sets convertible bonds apart within the investment landscape.

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:

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

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