

Sl.	Questions	Answer
1	<p>In the context of the Financial Action Task Force (FATF) recommendations, which of the following best describes the 'Risk-Based Approach' (RBA) to AML compliance?</p> <ul style="list-style-type: none"> <li>A. Applying the same level of due diligence to all customers</li> <li>B. Focusing on high-value transactions regardless of the customer's risk profile</li> <li>C. Allocating resources to areas with higher money laundering risks based on a thorough risk assessment</li> <li>D. Primarily focusing on domestic transactions due to lower perceived risks</li> <li>E. Automating all compliance processes without human intervention</li> </ul>	<p><b>Allocating resources to areas with higher money laundering risks based on a thorough risk assessment</b></p>
2	<p>Which international legal institution provides a framework for international cooperation in the fight against money laundering and terrorist financing?</p> <ul style="list-style-type: none"> <li>A. United Nations Convention Against Corruption (UNCAC)</li> <li>B. Basel Committee on Banking Supervision (BCBS) Principles</li> <li>C. United Nations Convention Against Transnational Organized Crime (UNTOC)</li> <li>D. Financial Action Task Force (FATF) Recommendations</li> <li>E. Wolfsberg AML Principles</li> </ul>	<p><b>Financial Action Task Force (FATF) Recommendations</b></p>
3	<p>In which scenario would 'Reverse Money Laundering' be most likely to occur?</p> <ul style="list-style-type: none"> <li>A. When funds from legal sources are used to finance illegal activities.</li> <li>B. When illicit funds are deposited into the banking system without proper documentation.</li> <li>C. When money is transferred to offshore accounts through shell companies.</li> <li>D. When cash is smuggled across borders to avoid detection.</li> </ul>	<p><b>When funds from legal sources are used to finance illegal activities.</b></p>

	E. When legitimate business profits are used to cover up the proceeds of crime.	
4	<p>Which regulatory measure specifically targets the use of anonymous shell companies to prevent money laundering in India?</p> <p>A. Mandatory KYC norms for all financial transaction</p> <p>B. The Companies (Amendment) Act, 2019, requiring significant beneficial ownership disclosure</p> <p>C. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015</p> <p>D. The Benami Transactions (Prohibition) Amendment Act, 2016</p> <p>E. The Securities and Exchange Board of India (SEBI) Guidelines</p>	<b>The Companies (Amendment) Act, 2019, requiring significant beneficial ownership disclosure</b>
5	<p>How does the Egmont Group contribute to the global fight against money laundering?</p> <p>A. By enforcing legal penalties on non-compliant countries</p> <p>B. By facilitating the exchange of information and intelligence among Financial Intelligence Units (FIUs)</p> <p>C. By setting international banking standards</p> <p>D. By providing funding to law enforcement agencies</p> <p>E. By auditing financial institutions worldwide</p>	<b>By facilitating the exchange of information and intelligence among Financial Intelligence Units (FIUs)</b>
6	<p>Which of the following is a significant challenge in implementing a robust AML compliance program in a bank with a diverse international clientele?</p> <p>A. Consistent application of domestic regulations</p> <p>B. Managing high transaction volumes</p> <p>C. Keeping up with varying international AML regulations and sanctions lists</p> <p>D. Marketing new financial products</p> <p>E. Training staff on customer service skills</p>	<b>Keeping up with varying international AML regulations and sanctions lists</b>
7	<p>What role does 'Trade-Based Money Laundering' (TBML) play in the global economy, and what measures can be taken to combat it?</p> <p>A. TBML has a minimal impact on the global economy; measures include stricter capital controls</p>	<b>TBML significantly distorts international trade; measures include enhanced customs and trade</b>

	<p>B. TBML significantly distorts international trade; measures include enhanced customs and trade documentation review</p> <p>C. TBML is confined to small-scale transactions; measures include basic KYC procedures</p> <p>D. TBML is primarily a domestic issue; measures include local law enforcement interventions</p> <p>E. TBML affects only specific industries; measures include industry-specific regulations</p>	<p><b>documentation review</b></p>
8	<p>Which of the following is a key indicator of 'Layering' in a complex money laundering scheme?</p> <p>A. Direct deposit of large sums of cash into a bank account</p> <p>B. Repeated small-value transactions with no apparent business purpose</p> <p>C. Use of offshore accounts and complex financial instruments to obscure fund origins</p> <p>D. Withdrawal of funds in small denominations over a short period</p> <p>E. Purchase of high-value goods and services</p>	<p><b>Use of offshore accounts and complex financial instruments to obscure fund origins</b></p>
9	<p>What are the implications of the Financial Action Task Force (FATF) 'Black List' for a country listed?</p> <p>A. Enhanced international trade opportunities</p> <p>B. Increased foreign direct investment</p> <p>C. Severe economic sanctions and increased difficulty in accessing the global financial system</p> <p>D. Lower regulatory compliance requirements</p> <p>E. Improved diplomatic relations with other countries</p>	<p><b>Severe economic sanctions and increased difficulty in accessing the global financial system</b></p>
10	<p>How can banks use 'Artificial Intelligence (AI)' to enhance their AML compliance efforts?</p> <p>A. By reducing the number of compliance staff</p> <p>B. By automating transaction monitoring and identifying patterns indicative of money laundering</p> <p>C. By solely focusing on customer service enhancements</p> <p>D. By outsourcing all compliance responsibilities to third-party vendors</p>	<p><b>By automating transaction monitoring and identifying patterns indicative of money laundering</b></p>

	E. By implementing manual review processes for all transactions	
11	<p>What is the significance of the 'Beneficial Ownership' rule in combating money laundering?</p> <p>A. It mandates the reporting of all cash transactions</p> <p>B. It requires financial institutions to identify and verify the actual individuals who own or control an account or entity</p> <p>C. It focuses on enhancing customer service</p> <p>D. It reduces the need for compliance documentation</p> <p>E. It allows for the anonymous holding of assets</p>	<p><b>It requires financial institutions to identify and verify the actual individuals who own or control an account or entity</b></p>
12	<p>Which of the following describes an effective 'AML Transaction Monitoring System'?</p> <p>A. A system that flags all transactions above a certain monetary threshold</p> <p>B. A system that integrates real-time monitoring with historical data analysis to detect suspicious patterns</p> <p>C. A manual review process of every transaction</p> <p>D. A system focused only on high-net-worth individuals</p> <p>E. A static checklist-based system with no updates</p>	<p><b>A system that integrates real-time monitoring with historical data analysis to detect suspicious patterns</b></p>
13	<p>In the context of AML compliance, what is 'De-Risking', and what are its potential consequences?</p> <p>A. Increasing risk by onboarding more high-risk customers</p> <p>B. Reducing risk by severing relationships with customers perceived as high-risk, potentially leading to financial exclusion</p> <p>C. Enhancing risk by investing in volatile markets</p> <p>D. Minimizing compliance efforts to cut costs</p> <p>E. Reducing risk by investing in technology</p>	<p><b>Reducing risk by severing relationships with customers perceived as high-risk, potentially leading to financial exclusion</b></p>
14	<p>Which of the following best illustrates the concept of 'money laundering through digital currencies'?</p> <p>A. Using traditional banking channels to transfer illicit funds</p> <p>B. Utilizing cryptocurrencies to transfer and obscure the origins of illicit funds</p> <p>C. Investing in stocks and bonds through a brokerage account</p>	<p><b>Utilizing cryptocurrencies to transfer and obscure the origins of illicit funds</b></p>

	<p>D. Making high-value cash deposits in multiple banks</p> <p>E. Using traveler’s checks for large transactions</p>	
15	<p>What is the role of the 'Basel AML Index', and how does it impact countries' AML efforts?</p> <p>A. It sets legal penalties for non-compliance</p> <p>B. It ranks countries based on their risk levels of money laundering and terrorist financing, encouraging stronger AML frameworks</p> <p>C. It provides funding for AML initiatives</p> <p>D. It oversees the operations of financial institutions globally</p> <p>E. It monitors international trade transactions</p>	<p><b>It ranks countries based on their risk levels of money laundering and terrorist financing, encouraging stronger AML frameworks</b></p>
16	<p>What are 'red flags' in AML, and how should they be addressed by financial institutions?"</p> <p>A. Indicators of customer satisfaction to be addressed through marketing</p> <p>B. Warning signs of potential money laundering activities that should trigger further investigation and reporting</p> <p>C. Compliance guidelines to be followed strictly.</p> <p>D. Indicators of high profitability</p> <p>E. Signs of low customer engagement</p>	<p><b>Warning signs of potential money laundering activities that should trigger further investigation and reporting</b></p>
17	<p>Which AML-related challenge is most significantly addressed by the implementation of blockchain technology?</p> <p>A. Enhancing customer service</p> <p>B. Providing complete anonymity to users</p> <p>C. Increasing transparency and traceability of transactions</p> <p>D. Reducing transaction fees</p> <p>E. Automating all banking operations</p>	<p><b>Increasing transparency and traceability of transactions</b></p>
18	<p>In the context of AML, what does the 'Travel Rule' mandate for financial institutions?</p> <p>A. To monitor all domestic travel expenses of employees</p> <p>B. To collect, retain, and transmit certain information on parties involved in fund transfers</p> <p>C. To limit international transactions</p>	<p><b>To collect, retain, and transmit certain information on parties involved in fund transfers.</b></p>

	<p>D. To report all cash transactions</p> <p>E. To freeze the accounts of high-risk customers</p>	
19	<p>Which scenario represents the most sophisticated form of 'Trade-Based Money Laundering' (TBML)?</p> <p>A. Over-invoicing or under-invoicing goods to transfer value across borders</p> <p>B. Direct wire transfers to offshore accounts</p> <p>C. Smuggling cash across borders</p> <p>D. Investing in international real estate</p> <p>E. Using personal bank accounts for international transactions</p>	<p><b>Over-invoicing or under-invoicing goods to transfer value across borders</b></p>
20	<p>How do 'Politically Exposed Persons' (PEPs) pose a higher risk for money laundering, and what measures should banks take?</p> <p>A. PEPs generally do not pose higher risks; no additional measures are needed</p> <p>B. PEPs may misuse their influence for illicit activities; banks should conduct Enhanced Due Diligence (EDD) and continuous monitoring</p> <p>C. PEPs are always involved in legal activities; standard procedures are sufficient</p> <p>D. PEPs are exempt from AML regulations; focus on other customers</p> <p>E. PEPs require only basic KYC measures</p>	<p><b>PEPs may misuse their influence for illicit activities; banks should conduct Enhanced Due Diligence (EDD) and continuous monitoring</b></p>
21	<p>What is the significance of 'Correspondent Banking' relationships in the context of global AML practices?</p> <p>A. They simplify international transactions without risk</p> <p>B. They pose significant AML risks due to their potential to facilitate cross-border money laundering</p> <p>C. They are limited to domestic transactions</p> <p>D. They require minimal regulatory oversight</p> <p>E. They eliminate the need for KYC procedures</p>	<p><b>They pose significant AML risks due to their potential to facilitate cross-border money laundering.</b></p>
22	<p>What challenges do banks face in implementing 'Customer Due Diligence' (CDD) for large, multinational corporations?"</p>	<p><b>Identifying and verifying all beneficial</b></p>

	<ul style="list-style-type: none"> <li>A. Identifying and verifying all beneficial owners across different jurisdictions</li> <li>B. Managing low-value transactions</li> <li>C. Enhancing customer satisfaction</li> <li>D. Reducing operational costs</li> <li>A. Marketing new financial products</li> </ul>	<p><b>owners across different jurisdictions</b></p>
23	<p>Which regulatory framework mandates the disclosure of suspicious activities related to cross-border wire transfers?</p> <ul style="list-style-type: none"> <li>A. SEBI Regulations</li> <li>B. RBI Act</li> <li>C. Foreign Exchange Management Act (FEMA)</li> <li>D. Prevention of Money Laundering Act (PMLA)</li> <li>E. Companies Act</li> </ul>	<p><b>Prevention of Money Laundering Act (PMLA)</b></p>
24	<p>How do 'Smart Contracts' on blockchain platforms impact AML efforts?</p> <ul style="list-style-type: none"> <li>A. By allowing complete anonymity for users</li> <li>B. By automating compliance processes and reducing manual intervention</li> <li>C. By focusing solely on customer service</li> <li>D. By decreasing transaction transparency</li> <li>E. By replacing traditional banking entirely</li> </ul>	<p><b>By automating compliance processes and reducing manual intervention</b></p>
25	<p>In the context of AML, what is the primary objective of 'Sanctions Screening'?</p> <ul style="list-style-type: none"> <li>A. To identify customers with poor credit histories</li> <li>B. To ensure transactions do not involve individuals or entities subject to economic sanctions</li> <li>C. To promote high-value transactions</li> <li>D. To enhance customer satisfaction</li> <li>E. To monitor domestic political activities</li> </ul>	<p><b>To ensure transactions do not involve individuals or entities subject to economic sanctions</b></p>
26	<p>Which of the following best describes the challenge of 'Trade-Based Money Laundering' (TBML) in the Indian context?</p> <ul style="list-style-type: none"> <li>A. Lack of international trade.</li> <li>B. Limited regulatory oversight of financial transactions</li> </ul>	<p><b>Complex trade documentation and high volume of international trade</b></p>

	<p>C. Complex trade documentation and high volume of international trade making detection difficult</p> <p>D. Exclusively domestic trading activities</p> <p>E. Insufficient financial technology adoption</p>	<p><b>making detection difficult</b></p>
27	<p>What is the primary function of the 'Central KYC Registry' in India's AML ecosystem?</p> <p>A. To facilitate the easy opening of bank accounts</p> <p>B. To streamline the KYC process and maintain a central repository of KYC records for customers</p> <p>C. To manage public debt</p> <p>D. To oversee stock market transactions</p> <p>E. To audit financial institutions</p>	<p><b>To streamline the KYC process and maintain a central repository of KYC records for customers</b></p>
28	<p>How can 'Big Data Analytics' be utilized to improve AML efforts within financial institutions?</p> <p>A. By solely focusing on customer service improvements</p> <p>B. By analyzing large volumes of transaction data to identify suspicious patterns and potential money laundering activities</p> <p>C. By reducing the amount of data collected from customers</p> <p>D. By automating customer relationship management</p> <p>E. By eliminating the need for regulatory compliance</p>	<p><b>By analyzing large volumes of transaction data to identify suspicious patterns and potential money laundering activities</b></p>
29	<p>How do 'Data Privacy Regulations' impact AML efforts in the banking sector?</p> <p>A. They simplify the process of data sharing among financial institutions</p> <p>B. They create challenges by restricting the sharing of customer information necessary for AML compliance</p> <p>C. They eliminate the need for KYC procedures</p> <p>D. They reduce the overall compliance costs for banks</p> <p>E. They encourage the use of cash transactions</p>	<p><b>They create challenges by restricting the sharing of customer information necessary for AML compliance</b></p>
30	<p>Which of the following techniques would be considered as an advanced method of "Layering" in the money laundering process?</p>	<p><b>Using a network of shell companies to</b></p>

**Topic- AML**

	<ul style="list-style-type: none"> <li>B. Converting illicit funds into travelers' cheques and transporting them to another country</li> <li>C. Purchasing high-value assets such as real estate and then selling them to create a legitimate source of funds</li> <li>D. Making numerous small cash deposits to evade detection</li> <li>E. Using a network of shell companies to transfer funds across multiple jurisdictions</li> <li>A. Utilizing prepaid cards to distribute the funds in small amounts</li> </ul>	<p><b>transfer funds across multiple jurisdictions</b></p>
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