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DEMO QUESTIONS

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Question 1. (Multi Select)

The financial industry relies heavily on rules-based approaches to transaction monitoring to detect suspicious activities.

Scenario-based systems use technology and algorithms to identify: (Choose three.)

A: fraudulent identities involving stolen or manufactured identification.

B: suspicious behavior involving a transaction that occurs at an unusual time of day.

C: hidden beneficial owners.

D: transaction patterns involving transactions that exceed a certain dollar amount.

E: anomalies involving a transaction that occurs in a location far away from the customer's usual spending patterns.

Answer: B, D, E

Explanation:

Scenario-based systems use algorithms to detect suspicious behaviors, such as transactions occurring at unusual times, those exceeding specified thresholds, or those taking place in locations inconsistent with a customer's typical activity. These anomalies help identify potential financial crime risks.

Question 2. (Single Select)

A financial institution plans to implement adverse media screening with Artificial Intelligence (AI)/Machine Learning (ML) capabilities. During testing, the system produces high volumes of irrelevant news articles for review.

What is the best way to address this issue?

A: Narrow the media sources to avoid unrelated articles

B: Rely on manual filtering by investigators

C: Increase the frequency of updates to media sources

D: Adjust AI/ML models to focus on high-risk keywords/phrases from reputable media sources

Answer: D

Explanation:

The most effective way to reduce irrelevant results in AI/ML-driven adverse media screening is to fine-tune the models to prioritize high-risk keywords and reliable sources. This improves precision by filtering out noise and directing focus toward content that is more likely to indicate financial crime risk.

Question 3. (Multi Select)

Which services provided by an accounting firm could be considered as higher risk from a financial crime perspective? (Choose three.)

- A: Forming a trust on behalf of a customer with a complex setup and acting as a nominee director
- B: Auditing a firm that provides payroll software to large corporate customers
- C: Preparing financial statements for a listed or a privately owned firm
- D: Providing tax advice to an international customer hoping to move their assets out of their home country
- E: Assisting an offshore corporation from a jurisdiction with no available beneficial owner information to buy property in the UK

Answer: A, D, E

Explanation:

Forming complex trust structures and acting as a nominee director, providing tax advice to clients moving assets across borders, and assisting offshore entities from opaque jurisdictions in acquiring property are all higher-risk services. These activities may facilitate concealment of beneficial ownership, asset flight, or the integration of illicit funds into legitimate systems.

Question 4. (Multi Select)

Common risks associated with cryptocurrency and convertible virtual currencies include: (Choose three.)

- A: funds being stolen from other users.
- B: obscuring the source of illicit funds.
- C: layering transactions to hide the origin of funds derived from illicit activity.
- D: difficulty converting into physical currency.
- E: facilitating payment for other illicit activities and goods.

Answer: B, C, E

Explanation:

Cryptocurrency and convertible virtual currencies present common financial crime risks such as obscuring the origin of illicit funds, being used to layer transactions for money laundering, and facilitating payments for illegal goods and services due to their pseudo-anonymous and borderless nature.

Question 5. (Single Select)

An organization is developing a comprehensive anti-money laundering (AML) framework.

Which of the following statements best describes the relationship between AML policies and procedures?

A: Policies are broad guidelines. Procedures are detailed instructions for specific processes. Only procedures are mandatory for knowledge and adherence.

B: Policies define the principles of an organization and influence the drafting of procedures. Procedures are detailed instructions for specific processes.

C: Policies are detailed instructions for specific processes. Procedures are an overarching framework. Neither policies nor procedures are mandatory for knowledge and adherence.

D: Policies are detailed instructions for specific processes. Procedures are an overarching framework. Both policies and procedures are mandatory for knowledge and adherence.

Answer: B

Explanation:

Policies outline the guiding principles and objectives of an organization's AML framework, setting the tone for compliance. Procedures translate these policies into detailed, actionable steps that staff must follow.

Both are essential for effective AML compliance.

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