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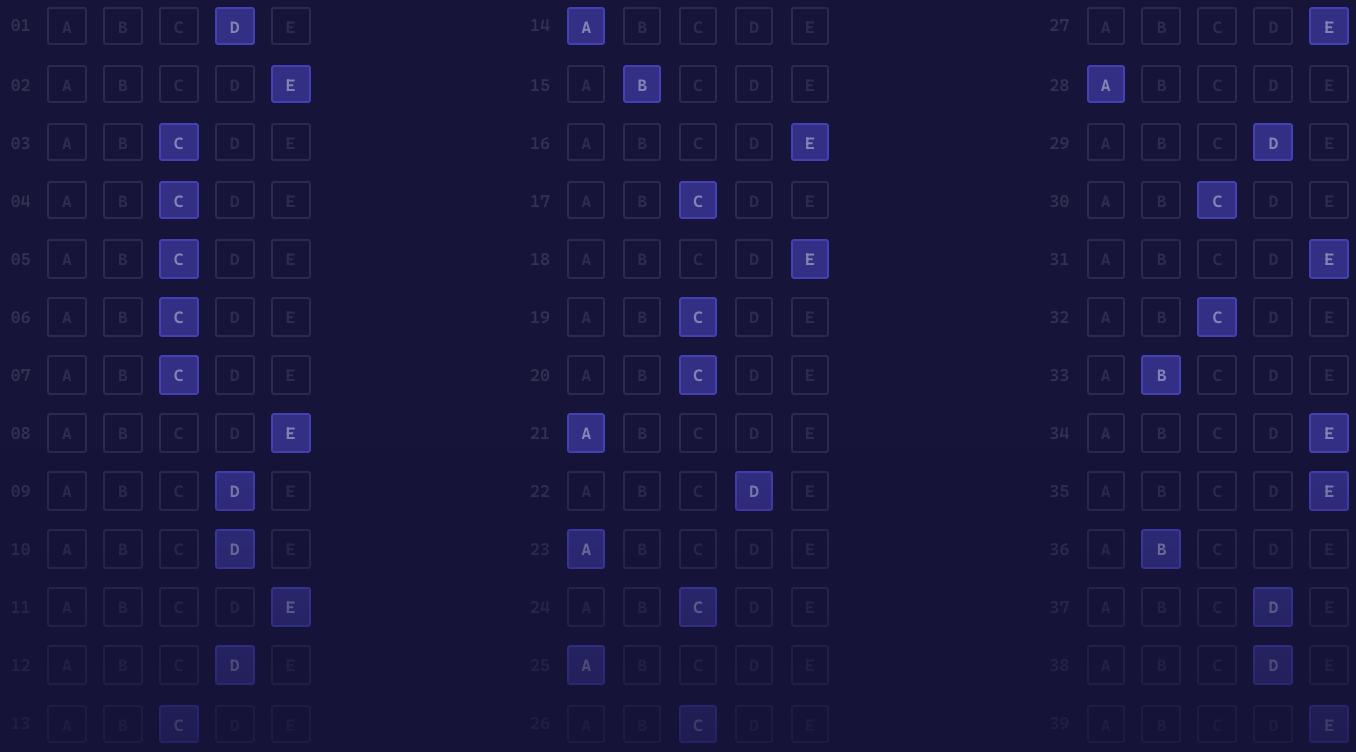

PRACTICE QUESTIONS

Global Fintech Institute

L1A

Level 1A

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Global Fintech Institute `L1A`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `L1A`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 MULTIPLE CHOICE

Which of the following participants in the modern payments ecosystem are typically classified as intermediaries that facilitate the transfer of funds between originators and beneficiaries? (Choose two.)

A An originating customer instructing a payment from their account

B An acquiring bank processing a merchant card transaction

C A retail consumer purchasing goods with cash

D A card scheme operator that authorises, clears, and settles transactions between issuers and acquirers

ANSWER **B** · **D**

WHY Intermediaries sit between the originator and beneficiary of a payment. An acquiring bank (B) intermediates between a merchant and the cardholder's issuing bank, and a card scheme operator (D) intermediates between issuers and acquirers. The originating customer (A) and the retail consumer paying cash (C) are end parties (originators) in the payment flow, not intermediaries.

QUESTION 2 MULTIPLE CHOICE

Which of the following statements correctly describe characteristics of real-time payment (RTP) schemes? (Choose two.)

A Settlement is typically deferred to the next business day

B Funds are usually made available to the beneficiary within seconds

C Messages are exchanged in a batched file processed at scheduled cut-off times

D The scheme operates 24/7, including weekends and holidays

ANSWER **B** · **D**

WHY Real-time payment schemes are characterised by immediate processing — funds are typically credited to the beneficiary within seconds (B) and the scheme operates continuously, 24 hours a day, 7 days a week including holidays (D). Deferred settlement (A) and batched cut-off processing (C) are characteristics of traditional, non-real-time instruments such as ACH or wires.

QUESTION 3 SINGLE CHOICE

Which regulatory framework is principally concerned with the prudential supervision of credit institutions and banks within the European Union?

A GDPR

B PSD2

C CRD/CRR

D MiFID II

ANSWER C

WHY The Capital Requirements Directive and Regulation (CRD/CRR) form the prudential framework governing capital adequacy, risk management and supervision of credit institutions in the EU. GDPR (A) covers data protection, PSD2 (B) covers payment services, and MiFID II (D) governs securities markets.

QUESTION 4 SINGLE CHOICE

What is the primary purpose of the ISO 20022 standard in financial messaging?

A To define cryptographic algorithms for securing payment data in transit

B To provide a common, rich-data modelling framework for financial messages across domains

C To mandate a single global identifier for every legal entity

D To replace all national card-switching networks with a unified protocol

ANSWER B

WHY ISO 20022 is an international standard that defines a common methodology and rich data dictionary for financial messages across payments, securities, trade services, cards and FX. It is not a cryptography standard (A), a legal-entity identifier (C), nor a card-network replacement (D).

QUESTION 5 SINGLE CHOICE

Under a standard KYC/CDD framework, what is the principal objective of Customer Identification Programme (CIP) procedures?

A To assign an internal credit rating to each new customer

B To verify the identity of a customer using reliable, independent source documents or data

C To determine the maximum transaction value a customer may initiate per day

D To calculate the regulatory capital that must be held against the customer relationship

ANSWER B

WHY CIP procedures are designed to verify a customer's identity using reliable and independent documents, data or information. Credit rating (A), transaction limits (C) and capital calculation (D) are separate, downstream processes within the broader customer lifecycle.

QUESTION 6 SINGLE CHOICE

In the three lines of defence model, which function is responsible for independently assuring that risk management activities are operating as intended?

A Business line management (first line)

B Risk management and compliance functions (second line)

C Internal audit (third line)

D External audit

ANSWER C

WHY The three lines of defence model places operational risk ownership with the business (first line), oversight and challenge with risk/compliance (second line), and independent assurance with internal audit (third line). External audit (D) is outside the three-lines construct and reports to shareholders/regulators, not to management.

QUESTION 7 SINGLE CHOICE

Which type of fraud is characterised by a fraudster tricking an individual into authorising a payment to an account controlled by the fraudster, rather than stealing credentials and executing the payment covertly?

A Card-not-present fraud

B Authorised push payment (APP) fraud

C Account takeover fraud

D Skimming fraud

ANSWER B

WHY Authorised push payment (APP) fraud occurs when the victim is deceived into willingly instructing their bank to send a payment to the fraudster's account. In contrast, card-not-present (A), account takeover (C) and skimming (D) typically involve unauthorised transactions made without the victim's full informed consent.

QUESTION 8 SINGLE CHOICE

Which of the following best defines 'operational resilience' in a financial services context?

A The ability of a firm to detect every fraudulent transaction before settlement

B The ability of a firm to prevent, withstand, recover from and learn from disruptions to its critical operations

C The ability of a firm to maximise shareholder return during periods of market volatility

D The ability of a firm to outsource all non-core activities to third-party providers

ANSWER B

WHY Operational resilience is the ability of a firm to prevent disruptions where possible, withstand events when they occur, recover critical operations within defined tolerances, and learn lessons to improve. Fraud detection (A), return maximisation (C) and outsourcing (D) are unrelated to the formal definition used by regulators.

QUESTION 9 SINGLE CHOICE

Which authentication factor is categorised as 'something you are'?

A A one-time passcode delivered by SMS

B A password known only to the user

C A fingerprint biometric scan

D A hardware security token

ANSWER C

WHY Authentication factors fall into three categories: knowledge ('something you know' — B), possession ('something you have' — A and D) and inherence ('something you are' — C). A fingerprint biometric is a classic inherence factor.