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PRACTICE QUESTIONS

Global Fintech Institute

L2B

Level 2B

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 `L2B`, 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, `L2B`
- the question number
- the email address on your order

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

QUESTION 1 SINGLE CHOICE

A Level 2B regulated fintech firm is onboarding a customer that the firm's risk-based approach classifies as a higher-risk relationship. Which one of the following enhanced measures is most directly required by the firm's AML/CFT program for such relationships?

A Reducing the customer due diligence measures compared with standard customers to speed up onboarding

B Applying enhanced customer due diligence, including obtaining additional information and senior management approval for the relationship

C Waiving the requirement to screen the customer against sanctions and PEP lists because onboarding is internal

D Closing the relationship immediately upon classification as higher risk without further review

ANSWER **B**

WHY Higher-risk relationships under AML/CFT frameworks require enhanced due diligence measures, which include obtaining additional identifying information, applying more frequent or deeper monitoring, and typically obtaining senior management approval before onboarding or continuing the relationship. Reducing CDD, waiving screening, or closing the relationship automatically are not aligned with a risk-based approach.

QUESTION 2 SINGLE CHOICE

Under a firm's AML/CFT program, what is the primary purpose of monitoring customer transactions on an ongoing basis?

- A To market new products to customers based on their transaction patterns
- B **To detect activity that may be suspicious and warrants further analysis or a report to the relevant authority**
- C To automatically block every transaction above a fixed monetary threshold
- D To replace the need for customer due diligence at onboarding

ANSWER **B**

WHY Ongoing transaction monitoring is a core component of AML/CFT programs. Its purpose is to identify transactions or patterns that may indicate money laundering or terrorism financing, so the firm can analyze them further and, where appropriate, file a suspicious transaction/activity report. Marketing, blanket blocking above a threshold, and replacing onboarding CDD are not the purposes of monitoring.

QUESTION 3 SINGLE CHOICE

When establishing a business relationship with a new customer, when must customer due diligence (CDD) measures be applied?

- A Only after the customer has been transacting for 90 days
- B Only if the transaction value exceeds a regulatory threshold
- C **Before or during the establishment of the business relationship, in accordance with the firm's risk-based approach**
- D Only when the customer requests a specific higher-risk product

ANSWER **C**

WHY CDD must generally be completed before or during the establishment of a business relationship so that the firm can form a view on the risks involved and decide whether to onboard the customer. Deferring CDD to a later time or only in certain product/transaction cases is not consistent with standard AML/CFT obligations.

QUESTION 4 SINGLE CHOICE

Under standard AML/CFT obligations, which of the following best describes a 'beneficial owner' that a firm must identify?

A Any individual named on the company's marketing website

B **The natural person(s) who ultimately own or control the customer or on whose behalf transactions are conducted**

C The legal representative who signed the account opening form only

D The auditor of the customer entity

ANSWER **B**

WHY Beneficial owner refers to the natural person(s) who ultimately own or control the customer, or on whose behalf transactions are conducted. This typically includes individuals holding a specified percentage threshold of ownership/control and those exercising control through other means. Marketing contacts, signatories alone, or auditors do not, by themselves, define the beneficial owner.

QUESTION 5 SINGLE CHOICE

Within a regulated fintech firm's AML/CFT governance structure, what is a key responsibility of the Money Laundering Reporting Officer (MLRO)?

A Setting retail interest rates on customer accounts

B **Receiving internal suspicious activity reports, assessing them, and deciding whether to escalate to the relevant financial intelligence unit**

C Approving all customer-facing marketing copy

D Auditing the firm's financial statements under accounting standards

ANSWER **B**

WHY The MLRO is the designated individual responsible for receiving internal suspicious activity reports from staff, assessing them in light of AML/CFT obligations, and deciding whether to make an external report to the financial intelligence unit. Pricing, marketing approval, and financial statement audits are not the MLRO's role.

QUESTION 6 SINGLE CHOICE

Under typical AML/CFT recordkeeping requirements, for how long must a firm retain customer due diligence records and transaction records after the business relationship ends (subject to local law)?

- **A** **A minimum period prescribed by the applicable AML/CFT regime, commonly at least five years**
- B Exactly 30 days after relationship termination
- C Only until the end of the calendar year in which the relationship ended
- D Indefinitely, with no retention limits

ANSWER **A**

WHY Most AML/CFT regimes require firms to keep CDD and transaction records for a minimum statutory period after the end of the business relationship, commonly at least five years. Retention must comply with the applicable law; 30 days, only to year-end, or indefinite retention are not correct.

QUESTION 7 SINGLE CHOICE

A regulated fintech firm identifies that an existing customer has just been added to an applicable sanctions list. What is the most appropriate immediate action consistent with sanctions obligations?

- A Continue to process the customer's transactions as normal until the next periodic review
- **B** **Immediately freeze or block transactions with the designated person as required by applicable sanctions law and report as needed, while following internal procedures**
- C Close the account without notifying any authority and destroy the records
- D Transfer the customer's balance to a related party to avoid the designation

ANSWER **B**

WHY When a customer becomes a sanctioned/designated person, the firm must act in accordance with the applicable sanctions regime—typically freezing funds and blocking transactions, not continuing to process them, and following reporting/notification obligations. Evading the designation or destroying records would breach sanctions and recordkeeping obligations.

QUESTION 8 SINGLE CHOICE

Under a risk-based approach (RBA) to AML/CFT, how should a firm allocate its AML/CFT resources and measures?

A Apply identical measures to every customer and transaction regardless of risk

B **Allocate resources and apply measures in proportion to the risks identified, applying enhanced measures where risk is higher and simplified measures where risk is lower**

C Apply enhanced measures to all customers and simplified measures to none

D Avoid applying any measures to lower-risk customers to minimize costs

ANSWER **B**

WHY An RBA requires the firm to assess the money laundering and terrorism financing risks it faces and allocate AML/CFT resources proportionately. Enhanced measures apply where risks are higher; simplified measures (where permitted) may apply where risks are genuinely lower. Uniform treatment for all, always enhanced, or no measures for lower-risk customers is not RBA.

QUESTION 9 SINGLE CHOICE

Under a risk-based approach, when should a regulated fintech firm apply Enhanced Due Diligence (EDD) measures to a customer relationship?

A Only after a transaction is flagged as suspicious by the monitoring system

B Only when the customer requests a higher account tier

C **When the firm identifies higher-risk situations as defined by its AML/CFT program and applicable regulations**

D Only at the explicit written request of the regulator

ANSWER **C**

WHY Enhanced Due Diligence (EDD) is triggered by higher-risk situations identified through the firm's risk-based approach — for example, politically exposed persons, higher-risk jurisdictions, or unusual ownership structures — not solely by suspicious activity, customer requests, or regulator direction. EDD is applied proactively based on the assessed risk profile.