

Module 1

Fundamentals of AML/CTF programs

Questions and answers

Question 1

Obligations to have an AML/CTF program under the AML/CTF Act

Complete the sentence by selecting the best option from the list below.

Mitigating risks means to _____ potentially adverse effects.

- a. regulate
- b. reduce
- c. manage
- d. eradicate

Answer: reduce

Question 2

Obligations to have an AML/CTF program under the AML/CTF Act

Select the correct option from the list below.

Which of the following is **not** a reason to have an AML/CTF program?

- a. it enables you to identify, mitigate and manage the risk of your business being used by criminals to launder money
- b. meeting ASIC regulatory obligations
- c. meeting AUSTRAC regulatory obligations
- d. developing best business practice
- e. none, all the above are reasons why you should have a program

Answer: b. meeting ASIC regulatory requirements

Question 3

Three variations of AML/CTF programs

Select the correct option from the list below.

There are three variations of AML/CTF programs: standard, joint and special.

- a. standard and special AML/CTF programs are divided into Part A (general) and Part B (customer identification)
- b. standard and joint AML/CTF programs are divided into Part A (general) and Part B (customer identification)
- c. standard and joint AML/CTF programs consist of Part A (general) only
- d. special AML/CTF programs are divided into Part A (general) and Part B (customer identification)

Answer: standard and joint AML/CTF programs are divided into Part A (general) and Part B (customer identification)

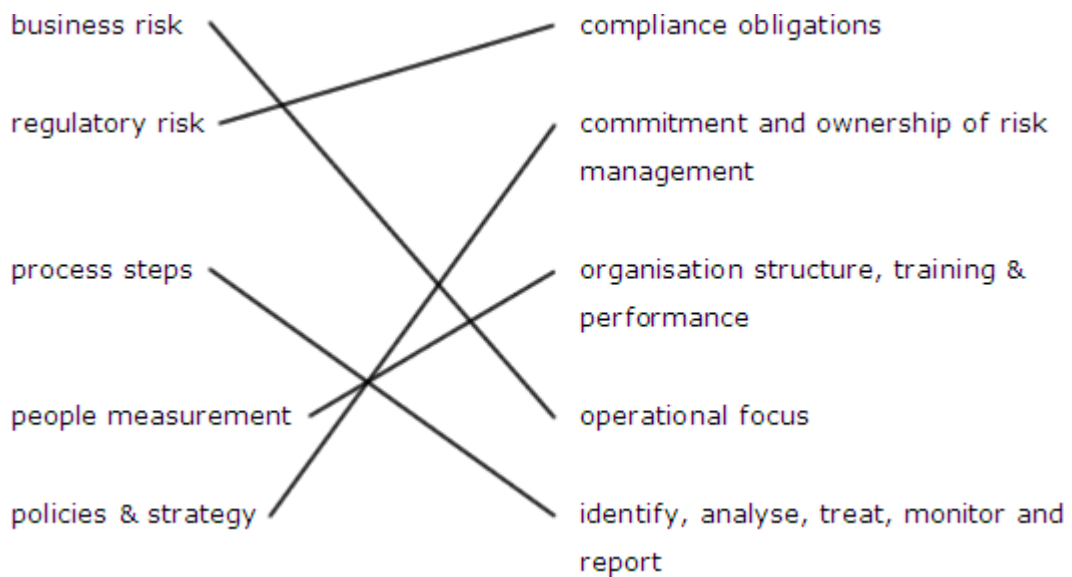
Question 4

ML/TF Risk Principles Framework

Match the term on the left with the correct phrase on the right.

The Risk Principles Framework was developed after wide consultation with the Australian government, industry bodies and AUSTRAC. Identify how these areas of the Risk Principles Framework fit together.

Answer:



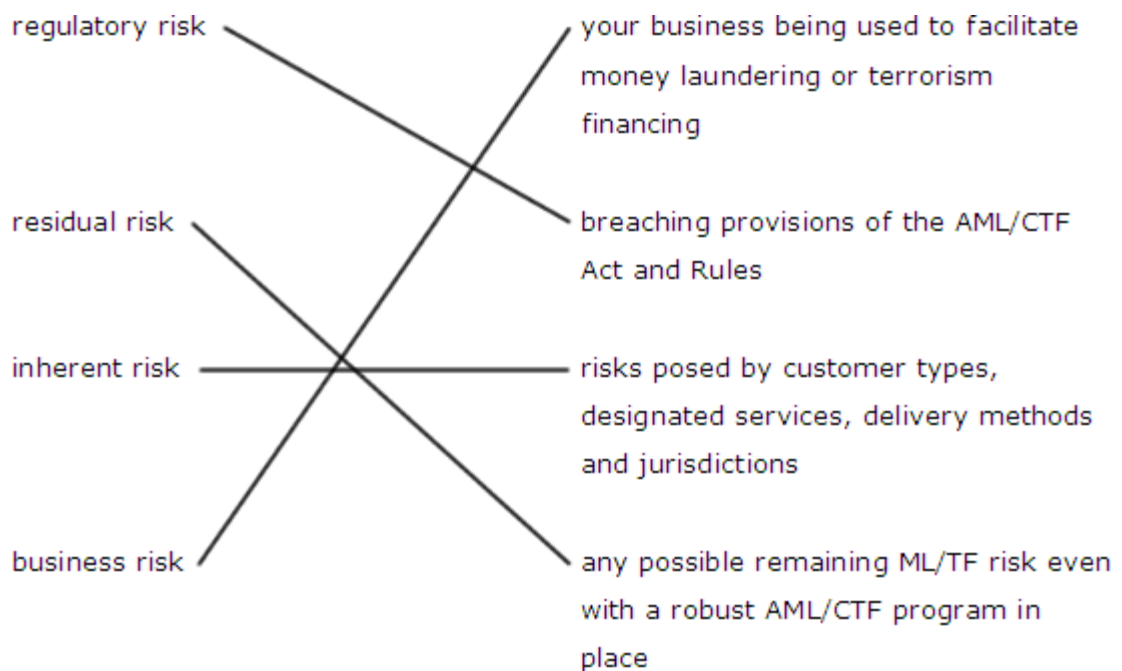
Question 5

Regulatory risk versus business risk

Match the term on the left with the correct phrase on the right.

Match the risks that may be posed to your business:

Answer:



Question 6:

How can a culture of compliance be achieved?

A strong culture of compliance will benefit businesses by improving the management and mitigating both business and regulatory risks. Which of the following AML/CTF program Part A components does not influence the development of a 'culture of compliance'?

- a. management/board willingness or commitment to oversee compliance issues
- b. appointment of an AML/CTF Compliance Officer
- c. identifying customers wanting to use designated services
- d. development of a ML/TF risk awareness training program

Answer: identifying customers wanting to use designated services

Question 7

Three variations of AML/CTF programs

Special AML/CTF programs only require a Part B component.

- a. true
- b. false

Answer: a. true - Special AML/CTF programs apply to reporting entities providing designated services defined under item 54 of table 1 in section 6 of the AML/CTF Act, who are required to adequately identify their clients.

Question 8

AML/CTF program objectives

When developing a standard AML/CTF program the level of detail required will be determined by the size, nature and complexity of individual reporting entities. A small family run business may not need the same level of complexity as a large multinational financial services provider.

- a. true
- b. false

Answer: a. true