

Top 20 Compliance Exam Practice Questions with Model Answers

Test Your Understanding of Frameworks, Tools, and AI in
Compliance

Introduction

Preparing for a compliance exam takes more than memorizing frameworks or definitions. Success depends on your ability to connect theory to real-world applications, explain frameworks clearly, and show how practical tools can be applied in risk management.

This guide provides 20 practice questions with model answers covering essential topics: risk management frameworks, AI governance, generative AI in compliance, and real-world GRC tools.

The questions mirror the style you'll encounter in exams scenario-based, practical, and knowledge-driven.

By working through these, you'll sharpen your ability to answer concisely, manage time effectively, and demonstrate both theoretical understanding and applied knowledge.

How to Use This Guide

1. **Simulate exam conditions:** Set aside 30–40 minutes, attempt a set of 5–10 questions, and avoid looking at the answers until you’re done.
2. **Compare with model answers:** Focus on keywords, clarity, and structure. See where your response matches and where you can be more precise.
3. **Practice time management:** Each short-answer response should take 3–5 minutes. Longer scenario questions should stay within 8–10 minutes.
4. **Track weak areas:** Use your mistakes to guide further study. For example, if you miss questions on AI governance, review frameworks like NIST or ISO AI standards.
5. **Repeat weekly:** Revisiting these questions regularly builds recall and exam confidence.

Best Things to Remember Before the Exam

- **Be precise:** Use key terms like *AI governance framework*, *risk assessment*, *GRC tools* exams reward specific wording.
- **Balance theory and practice:** Explain not only *what* a framework is but also *how* it is applied in real-world compliance.
- **Stay current:** Referencing emerging tools (AI risk management software, generative AI use cases) shows awareness of industry trends.
- **Structure your answers:** Use a simple pattern *define, explain, apply*. This works for both short and long responses.

- **Don't overcomplicate:** Concise, clear answers often score higher than long, vague ones.

Top 20 Practice Questions with Model Answers

1. Define AI governance in simple terms.

Model Answer: AI governance ensures that AI systems are ethical, transparent, and compliant. It provides rules and frameworks to align AI with legal, ethical, and organizational standards.

2. What is the main purpose of a risk management framework?

Model Answer: To identify, assess, and mitigate risks in a structured way, ensuring consistency and accountability across compliance processes.

3. Name one widely recognized AI risk management framework.

Model Answer: NIST's AI Risk Management Framework (AI RMF), which provides guidance on identifying, measuring, and managing risks across AI systems.

4. How do GRC platforms support compliance teams?

Model Answer: They automate audits, reporting, and policy management, helping organizations streamline compliance and reduce manual errors.

5. Give one real-world use case of generative AI in compliance.

Model Answer: Generating automated compliance reports and summarizing regulatory updates to improve efficiency and reduce human workload.

6. What is the biggest risk of over relying on AI in compliance?

Model Answer: Overreliance can reduce human oversight, leading to missed context, biased outputs, or failure to address ethical concerns.

7. Why do regulators emphasize AI transparency?

Model Answer: Transparency builds trust, allows auditing of decisions, and ensures compliance with ethical and legal standards.

8. In a compliance exam, how should you answer scenario-based questions?

Model Answer: Use the *define, explain, apply* method: define the framework, explain its purpose, and apply it directly to the given scenario.

9. Explain the difference between reactive and proactive risk management.

Model Answer: Reactive addresses risks after they occur, while proactive anticipates and mitigates risks before they cause harm.

10. What is the role of ethics in AI compliance?

Model Answer: Ethics ensures AI decisions are fair, unbiased, and aligned with social values, which is critical for regulatory acceptance.

11. Describe one challenge compliance teams face with generative AI tools.

Model Answer: Data bias—if training data is biased, AI outputs may reflect and amplify those biases, creating compliance risks.

12. What does exam research suggest about centralized GRC teams?

Model Answer: 91% of organizations now use centralized GRC teams to standardize processes and improve risk management efficiency.

13. Provide one example of AI in financial compliance.

Model Answer: AI-driven transaction monitoring detects suspicious financial activity with fewer false positives than traditional systems.

14. What is one advantage of compliance automation?

Model Answer: It reduces manual effort, improves reporting accuracy, and allows teams to focus on high-level risk analysis.

15. Why is continuous learning important for compliance professionals?

Model Answer: Regulations evolve quickly, so staying updated ensures compliance officers can adapt frameworks and practices in real time.

16. How does AI governance help in reducing bias?

Model Answer: By enforcing transparency, requiring documentation of data sources, and setting rules for fairness in AI decision-making.

17. What percentage of compliance teams expect AI to improve efficiency?

Model Answer: 48% of compliance professionals expect AI to improve efficiency.

18. How can mock tests improve exam success?

Model Answer: They simulate real exam conditions, improve time management, and help candidates practice concise responses.

19. What's one skill beyond theory that compliance exams test?

Model Answer: Practical application of tools like GRC platforms or AI monitoring systems to real-world compliance challenges.

20. If asked “How to become a compliance officer?”, what would be a concise answer?

Model Answer: By combining formal education, certifications (e.g., GRC, AI compliance), and hands-on experience with compliance tools.

Final Thoughts

This practice set is designed to give you both confidence and clarity.

Remember, exams reward candidates who can show they understand not just frameworks, but also how compliance and AI risk management are applied in practice.

Treat these questions as a starting point review them weekly, expand your answers into scenarios, and connect them to your long-term career goals.

With preparation, you won't just pass your exam you'll step into compliance roles ready for the challenges of tomorrow.

CERTIFICATION IN GENERATIVE AI IN RISK AND COMPLIANCE

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