



# NIGERIA ANTI MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM NATIONAL STRATEGY 2018 - 2020





# THE NATIONAL (MONEY LAUNDERING & TERRORIST FINANCING) RISK ASSESSMENT FORUM

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The National (Money Laundering & Terrorist Financing) Risk  
Assessment Forum under the auspices of the IMC Secretariat,  
12 Ibrahim Taiwo Street, Aso Villa Abuja, Nigeria

(e-mail: [nrsecretariat@imc.gov.ng](mailto:nrasecretariat@imc.gov.ng), [nrsecretariat@gmail.com](mailto:nrasecretariat@gmail.com))

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## ACRONYMS

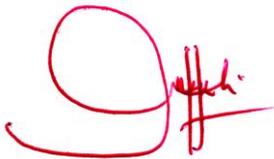
|         |   |
|---------|---|
| ACAs    | Anti-Corruption Agencies  |
| AML/CFT | Anti-Money Laundering and Countering the Financing of Terrorism         |
| BVN     | Bank Verification Number  |
| CAC     | Corporate Affairs Commission  |
| CAU     | Central Authority Unit  |
| CBN     | Central Bank of Nigeria   |
| CCB     | Code of Conduct Bureau  |
| CCCOCIN | Committee of Chief Compliance officers of Capital Market Operators      |
| CTITF   | Counter Terrorism Implementation Task Force                             |
| DNFBPs  | Designated Non-Financial Businesses and Professions                     |
| DNFIs   | Designated Non-Financial Institutions                                   |
| EFCC    | Economic and Financial Crimes Commission                                |
| FATF    | Financial Action Task Force   |
| FIRS    | Federal Inland Revenue Services   |
| FMITI   | Federal Ministry of Industry Trade and Investment                       |
| FMOI    | Federal Ministry of Information   |
| FMOJ    | Federal Ministry of Justice   |
| FRSC    | Federal Road Safety Commission  |
| GIABA   | Inter-Governmental Action Group Against Money Laundering in West Africa |
| ICPC    | Independent Corrupt Practices and other related offences Commission     |
| ICRG    | International Cooperation Review Group                                  |
| IMC     | Inter Ministerial Committee   |
| KYC     | Know Your Customer  |
| LEAs    | Law Enforcement Agencies  |
| MER     | Mutual Evaluation Report  |
| MLA     | Mutual Legal Assistance   |
| ML(P)A  | Money Laundering (Prohibition) Act 2011 as amended                      |
| NAICOM  | National Insurance Commission   |
| NAPTIP  | National Agency for the Prohibition of Trafficking in Persons           |
| NASS    | National Assembly   |
| NCC     | Nigeria Copyrights Commission   |
| NCS     | Nigeria Customs Service   |
| NEDC    | North East Development Commission                                       |
| NFISSC  | National Financial Inclusion Strategy Steering Committee                |
| NFIU    | Nigerian Financial Intelligence Unit                                    |
| NDDC    | Niger Delta Development Commission                                      |
| NDLEA   | National Drug Law Enforcement Agency                                    |
| NIA     | National Intelligence Agency  |
| NIMC    | National Identity Management Commission                                 |
| NIS     | Nigeria Immigration Service   |
| NOA     | National Orientation Agency   |
| NPF     | Nigeria Police Force  |
| NRA     | National Risk Assessment  |
| NSCDC   | Nigeria Security and Civil Defence Corps                                |

|        |   |
|--------|---|
| OFIs   | Other Financial Institutions                  |
| ONSA   | Office of the National Security Adviser       |
| PENCOM | National Pension Commission                   |
| SBIR   | State Board of Internal Revenue               |
| SCUML  | Special Control Unit against Money Laundering |
| SEC    | Securities and Exchange Commission            |
| SROs   | Self Regulatory Organisations                 |
| T/TF   | Terrorism/Terrorist Financing                 |
| TPA    | Terrorism (Prevention) Act, 2011 (as amended) |
| UNODC  | United Nations Office on Drugs and Crimes     |
| UNSCRs | United Nations Security Council Resolutions   |

## **FOREWORD**

Following the conclusion of Nigeria's maiden National (Money Laundering and Terrorist Financing) Risk Assessment (NRA) exercise and in line with the Financial Action Task Force (FATF) process of implementing recommendations from the NRA reports, it has become necessary to provide a National anti money laundering and combating the financing of terrorism (AML/CFT) Strategy to mitigate the identified risks. This Strategy provides policy and operational coordination between agencies of government as well as the private sector.

I wish to commend all agencies and individuals that contributed to the development of this strategy and I believe that the successful implementation of the strategies in this document will adequately prepare Nigeria for the next round of mutual evaluation to be conducted by the FATF and the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA).



**Abubakar Malami, SAN**

**Honourable Attorney General of the Federation and Minister of Justice**



## **AML/CFT VISION AND MISSION STATEMENT**

### **VISION**

To become the most proactive and leading country and a centre of excellence in the global fight against money laundering, terrorism and terrorist financing.

### **MISSION STATEMENT**

To develop, adopt and implement a comprehensive blueprint for the combating and prevention of money laundering, terrorism and terrorist financing in order to enhance and sustain the socio-economic and political development of Nigeria for the benefit of all.

## 1. INTRODUCTION

The abuse of the financial and non-financial system over the years by money launderers and terrorist financiers has necessitated the urgent need for countries to *identify, assess and understand the money laundering and terrorist financing (ML/TF) risks prevalent in their jurisdictions.* Consistent with **Recommendation 1, Financial Action Task Force (FATF) revised in February, 2012**, the identification, assessment and understanding of these risks form an essential part of implementation and development of a national anti-money laundering and combating the financing of terrorism (AML/CFT) regime which includes laws, regulations, enforcement and other measures to mitigate ML/FT risks. In compliance with this requirement therefore, Nigeria conducted its first national ML/TF risk assessment<sup>1</sup> with a view to enhancing the country's effort to completely rid her systems from abuse and deny access to the perpetrators of these menace.

The process which commenced in 2013 with an inauguration by the Honourable Attorney General of the Federation was completed in 2016 with the production of a report. The report, inter alia, concluded with a recommendation for the development of this national anti-money laundering and combating the financing of terrorism (AML/CFT) strategy framework that will serve as a road map for the implementation of national AML/CFT coordination mechanism and efficient resource allocation. This strategy framework shall also serve as a policy guideline to policy makers, regulators and law enforcement agencies in addressing the challenges of combating money laundering and terrorist financing in the country as well as ensuring the application of risk based approach by the financial and designated non-financial institutions.

It is believed that the successful implementation of the strategies in this document will adequately prepare Nigeria for the next round of mutual evaluation<sup>2</sup> to be conducted by the Financial Action Task Force (FATF) and the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA).

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<sup>1</sup> See appendix 1 for a summary outcome of the National Money Laundering and Terrorist Financing Risk Assessment

<sup>2</sup> See appendix 2 for outcome of the first round of Nigeria's Mutual Evaluation Exercise

## **2. BRIEF OVERVIEW OF THE NIGERIAN AML/CFT REGIME**

Nigeria's AML/CFT regime consists of the legal, regulatory and institutional framework.

### **2.1 Legal Framework**

The legal framework constitutes laws and regulations domesticating the global standards of AML/CFT within the country.

Nigeria adopted her first AML measures in 1995 with the enactment of the Money Laundering Decree No. 3 of 1995 which criminalized money laundering with predicate offences limited to drugs and drug related crimes. This was mainly guided by the UN Convention Against Drugs and Psychotropic Substances (Vienna Convention). However, with the adoption of the Convention Against Transnational Organised Crimes (Parlemo Convention) by the UN in 2000, which revealed significant inadequacies in the Decree, the Money Laundering Decree of 1995 was repealed and replaced with Money Laundering (Prohibition) Act (2002). This was followed by two AML legislations in 2003 and 2004. The Money Laundering (Prohibition) Act, 2004 (MLPA, 2004) repealed the Money Laundering Act, 2003; criminalised the laundering of the proceeds of crime or any illegal act; incorporated and defined designated non-financial institutions (DNFIs) and conferred the regulatory responsibility of DNFIs on the Federal Ministry of Commerce (now the Federal Ministry of Industry, Trade and Investment (FMITI)). The MLPA, 2004 was very instrumental in achievements recorded in the campaign against financial and economic crimes in Nigeria despite the existence of significant loopholes which slowed down certain aspects of the war against money laundering related cases.<sup>3</sup> The observed weaknesses in the MLPA 2004 led to its repeal and enactment of the Money Laundering (Prohibition) Act 2011 which was later amended in 2012.

Additional laws and regulations in place to ensure effective enforcement of AML/CFT requirements include but are not limited to:

- a) Terrorism (Prevention) Act, 2011

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<sup>3</sup> See 2008 Mutual Evaluation Report of Nigeria

- b) Terrorism Prevention (Amendment) Act, 2013
- c) Banks and Other Financial Institutions Act, 1991 (amended)
- d) Advance Fee Fraud and other related offences Act, 2006
- e) Economic and Financial Crimes Establishment Act, 2004
- f) National Drug Law Enforcement Agency Act, 2004
- g) Independent Corrupt Practices and other related Offence Commission Act, 2000
- h) Code of Conduct Bureau Act 2004
- i) Establishment of Nigeria Police Force- Section 214 of the 1999 Constitution of the Federal Republic of Nigeria
- j) 2013 AML/CFT Regulations separately issued by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC) and National Insurance Commission (NAICOM) to their respective operators
- k) Federal Ministry of Industry, Trade and Investment (Designation of Non-Financial Institutions and Other Related Matters) Regulations, 2013
- l) Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2013, etc

## **2.2 Regulatory Framework**

Nigeria's AML/CFT regulatory framework consists of regulatory and supervisory bodies empowered by their establishment act and other AML/CFT laws to regulate the entry and operational activities of their respective operators including issuance of sector specific and AML/CFT regulations and guidelines, application of administrative sanctions, etc. The regulators and supervisors are responsible for the supervision of the financial institutions and designated non-financial institutions (DNFIs). Other bodies which perform supervisory roles such as self-regulatory bodies, accrediting institutions and other administrative authorities empowered to regulate the various sectors of the economy in relation to AML/CFT in Nigeria form part of the regulatory framework. The key regulators and supervisors include:

- a) The Central Bank of Nigeria (CBN)
- b) National Insurance Commission (NAICOM)
- c) Securities and Exchange Commission (SEC)
- d) Ministry of Industry, Trade and Investment (Special Control Unit Against Money Laundering)- SCUML
- e) National Pension Commission (PenCom)
- f) Corporate Affairs Commission (CAC)

### **2.3 Institutional Framework**

Since the commencement of the AML/CFT regime, Nigeria has built strong institutions poised to implement government measures and policies aimed at mitigating the occurrence of money laundering countering the financing of terrorism. Several competent authorities with adequate institutional framework include but not limited to the Nigerian Financial Intelligence Unit (NFIU), the Economic and Financial Crimes Commission (EFCC), which is the primary authority for the investigation and prosecution of financial crimes, anti-corruption agencies (ACAs) such as the Independent Corrupt Practices Commission (ICPC) and the Code of Conduct Bureau (CCB), law enforcement agencies (LEAs) such as the National Drug Law Enforcement Agency (NDLEA), National Intelligence Agency (NIA), Department of State Services (DSS), Nigeria Police Force (NPF), Nigeria Customs Service (NCS), Nigeria Security and Civil Defense Corps (NSCDC), Nigeria Immigration Service (NIS), National Agency for the Prohibition of Trafficking in Persons (NAPTIP) and all other agencies established by law to tackle the 21 predicate offences of money laundering. Other institutions include the Federal Ministry of Justice, Federal Ministry of Finance, Federal Ministry of Interior, Federal Ministry of Foreign Affairs, Federal Inland Revenue Service (FIRS), National Identity Management Commission (NIMC), and the judiciary. The Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC) and the National Insurance Commission (NAICOM), supervise the banking and non banking financial institutions for AML/CFT purposes.

### **3. NIGERIA'S AML/CFT STRATEGIC PLAN**

Some of the weaknesses identified in the Report of the Nigeria National Risk Assessment (NRA) on ML/TF, 2016 are similar to the deficiencies identified in the 2008 MER on Nigeria, and the recommendations flowing from the NRA report call for a National AML/CFT Strategy. The strategy aims at applying measures to ameliorate weaknesses in the current AML/CFT regime to meet international requirements, without underestimating the dynamic activities of money launderers and financiers of terrorism.

The strategy proposes activities commencing from 2018 to 2020 where AML/CFT stakeholders will be responsible for various activities aimed at meeting common strategic objectives. Also, covered in the strategy are suggested actions stakeholders may wish to include in their respective action plans. The strategy is driven by three core objectives which accentuate the goals (outputs) that make up the comprehensive strategic plan.

#### **3.1 Strategic Objectives**

The three (3) strategic objectives are:

- 1. To enhance existing AML/CFT preventive measures aimed at protecting the financial and designated non-financial sectors from abuse by money launderers and financiers of terrorism**
- 2. To enhance the effectiveness of national AML/CFT stakeholders thereby reinforcing the regulatory and institutional framework of Nigeria's AML/CFT regime , and**
- 3. To strengthen national AML/CFT cooperation and coordination through a multi-faceted synergy to combat money laundering and financing of terrorism.**

In the following sections each Strategic Objective, the expected outcomes and the planned outputs will be monitored.. Further detailed planning at organisational level will be required to fully flesh out a three year implementation process.

### 3.1.1 Strategic Objective 1: Comprehensive AML/CFT Preventive Measures

The first strategic objective seeks to expand and consolidate on the existing AML/CFT preventive measures. Some of the actions would require legislative amendments as well as the enactment of critical legislations necessary to bring the country's AML/CFT legal framework to international best practice. Other measures would include the formalization of the economy by embarking of financial inclusive programs so as to reduce the challenges law enforcement agencies face when they investigate and attempt to prosecute money laundering offences as well as trace proceeds of crime. To achieve this feat, a lot sensitization programs will be carried out to enlighten stakeholder agencies and the general public on the menace of money laundering and terrorist financing by undertaking education and information programmes while working closely with civil society and communities generally.

#### Strategic Objective 1:

##### Comprehensive AML/CFT Preventive Measures

##### Expected Outcomes:

- Robust AML/CFT Legal and Regulatory Framework
- Formalized Economy
- AML/CFT Enlightened and Engaged Citizenry
- Adequately Empowered and Engaged Populace

##### Goals (Outputs) Designed to Meet Our Objectives:

- Review and Enactment of Relevant AML/CFT Legislations
- Issuance of Guidelines And Regulations by The Regulators and Supervisors
- Formulation of Comprehensive economic policy to capture the Informal Sector
- Awareness, Sensitization and engagement Programmes
- Skill and Vocation Acquisition
- Targeted Restructured Educational System
- Environmental Cleanup and Infrastructural Development

### 3.1.2 Strategic Objective 2: Enhanced Effectiveness of National AML/CFT Stakeholders

The actions and programmes developed under this objective are geared towards improving the operational effectiveness of the country's AML/CFT stakeholder institutions and include the judiciary, law enforcement/anti-corruption agencies as well as regulatory/supervisory agencies. Adequate funding is necessary to ensure that stakeholder agencies procure and deploy infrastructure that will enable them carry out their operations effectively and efficiently. Capacity building is also critical to ensure that all stakeholders increase their knowledge base to keep abreast with the dynamics of the ever evolving trend and pattern of money laundering and terrorist financing.

| <b>Strategic Objective 2:<br/>Enhanced Effectiveness of National AML/CFT Stakeholders</b> |  |
|---|--|
| <b>Expected Outcomes:</b>   | <ul style="list-style-type: none"><li>• Enhanced Operational Efficiency of NFIU, LEAs, ACAs, Regulators and the Judiciary</li><li>• Effective Regulation, Supervision and Compliance</li><li>• Harmonized and Integrated Disparate Databases</li></ul>   |
| <b>Goals (Outputs) Designed to Meet Our Objectives:</b>                                   | <ul style="list-style-type: none"><li>• Adequate Manpower and Capacity</li><li>• Robust Technical Capability</li><li>• Adequate funding for AML/CFT Matters</li><li>• Adequate and Appropriate Infrastructure</li><li>• Reinvigorated Code of Conduct and Ethics</li><li>• Improved Capacity of the AML/CFT Supervisors</li><li>• Improved STR Reporting Regime</li><li>• Effectiveness of Compliance Functions</li><li>• Reinvigorated Code of Conduct and Ethics for Regulators and Operators</li><li>• Effective Entry Controls</li><li>• Standardized AML/CFT Statistics</li><li>• Centralized Databases for AML/CFT Activities</li><li>• Reliable Identification Infrastructure</li></ul> |

### 3.1.3 Strategic Objective 3: Strengthened National AML/CFT Cooperation and Coordination

The success of Nigeria's AML/CFT regime can be benchmarked on how well the stakeholder institutions synergize their activities. Focus would be on improving the quality of the cooperation with stakeholders including developing mechanisms for joint operations, intelligence and information sharing with ACAs and LEAs. In addition, competent authorities would be required to coordinate with international counterparts on issues of mutual legal assistance and beneficial ownership information on legal entities in mutually beneficial terms that would aid in investigations, convictions as well as recovery of stolen assets.

#### Strategic Objective 3:

#### Strengthened National AML/CFT Cooperation and Coordination

**Expected Outcomes:**

- Enhanced Collaboration amongst Stakeholders
- An Effective AML/CFT Sanctions Regime
- Effective Information Sharing and Feedback Mechanism
- Formulation, Effective Implementation and Coordination of National AML/CFT Policy and Strategy

**Goals (Outputs) Designed to Meet Our Objective:**

- Improved Synergy amongst AML/CFT Stakeholders
- Established Framework for Domestic Bilateral and Multilateral Cooperation
- Established Framework and Monitoring Mechanism that Ensures Implementation of all AML/CFT International Obligations on Information Exchange, Mutual Legal Assistance, Request for Freezing, Seizing and Confiscation of Assets or Proceeds of Crime and Extradition
- An Effective Nigeria Sanctions Committee
- An Efficient Information Sharing Platform amongst Relevant Stakeholder Agencies
- An Effective Information Security Management System
- An Efficient Feedback Mechanism amongst Stakeholders
- Established National AML/CFT Policy Coordination Framework

## **4. MONITORING AND EVALUATION OF THE STRATEGIC PLAN**

A key element in the implementation of the strategic plan is its comprehensiveness and identification of key agencies that shall ensure that the plan is on course and expected outcomes are derived as planned. Consequently, there will be periodic review of the various progresses to ascertain challenges and determine remedial actions. The Strategy will be subjected to annual review by the Inter-Ministerial Committee on Anti-Money Laundering and Terrorist Financing (AML/CFT) taking into consideration emerging issues. The stakeholders' evaluation of the strategy will be conducted at the end of the strategic cycle by assessing the level of its implementation in terms of achievements, constraints and challenges. The outcomes of the evaluation will provide input into the design and development of the next strategic plan.

## **5. CONCLUSION**

The development of the National AML/CFT Strategy, including the existence and effective implementation of legal frameworks and the institutional capacity to combat money laundering, terrorism, terrorist financing and predicate offences is an important step in the process of establishing a complete AML/CFT system that fully addresses the deficiencies identified in risk assessment exercise. The attainment of the strategic objectives is expected to better position Nigeria to derive benefits from continued technical assistance and opportunities within and outside the West Africa Sub-region. Furthermore, the strategy framework shall also serve as a policy guideline to policy makers, regulators and law enforcement agencies in addressing the challenges of combating money laundering and terrorist financing in the country as well as ensuring the application of risk based approach by the financial and designated non-financial institutions.

