

Strengthening Nigeria's anti-money laundering framework

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Policy Context

Since Nigeria's greylisting by the Financial Action Task Force (FATF) in 2023, momentum has grown to strengthen its anti-money laundering and counter-terrorist financing (AML/CFT) framework. Greylisting signals weaknesses in a country's AML/CFT framework and threatens economic growth and foreign investment. While legislative and technical reforms are underway, the buy-in of judicial officials and legal professionals remains concerning.

Without meaningfully increasing the understanding, capacity, coordination, and accountability of judicial officers and legal professionals, there is a risk that Nigeria's AML/CFT efforts will not lead to the anticipated outcomes.

Key research findings

Internal and external factors affect Nigeria's ability to comply with FATF's standards, including weak institutions, lack of political will and corruption, alongside external pressures that do not consider the jurisdictional context. Given the significant implications for financial integrity and economic growth, we want policymakers to recognize the central role of legal professionals and judges in addressing internal compliance challenges while responding to external pressures.

- **Understanding, accountability, coordination and capacity** across relevant AML/CFT agencies is essential to strengthening Nigeria's AML/CFT framework.
- Our [research](#) finds that greylisting by the FATF disproportionately affects developing countries due to inconsistencies and lack of transparency in the listing process. Still, it reduces foreign investment, trade and access to financial services. It also causes superficial compliance rather than meaningful reform.
- [Our research](#), informed by interviews with Nigerian legal professionals, reveals compliance challenges within the legal sector are widespread. Many law firms lack formal AML/CFT policies. These include procedures for screening clients, monitoring transactions, and reporting suspicious activities.
- **Smaller law firms** and those that manage client assets/properties face heightened exposure to financial crime risks. However, they experience **financial barriers in instituting or reviewing necessary policies and controls**.
- **Judges and prosecutors do not have shared knowledge of the processes involved in investigating and prosecuting financial crime.** Currently, investigations and prosecutions have not resulted in a corresponding level of convictions.
- There are **inconsistencies in AML/CFT case judgements**.

Policy recommendations

- **Legal professionals and judicial actors must align with the FATF's standards**, guided by an understanding of the AML/CFT framework, accountability, coordination, and amplified capacity. It is important for judges and lawyers to collaborate with relevant AML/CFT actors to ensure that efforts to comply with the FATF's standards are not hindered by unclear guidance or limited institutional capacity.
- **The Nigerian Bar Association (NBA) has a role to play in combatting money laundering and terrorist financing.** The NBA must provide comprehensive, consistent training of both qualified and prospective lawyers.
- **Lawyers and law firms should be supervised by the NBA** to ensure they have appropriate anti-financial crime policies, a framework for risk monitoring and reporting, and that these are regularly reviewed.
- **The NBA should offer specialised, low-cost training to smaller law firms** that handle high risk transactions such as managing client assets or dealing in real estate transactions. Training can be delivered in-person or online.
- **Law firms require requisite training** on financial crime risks, separation of client funds, strict transaction controls, and regular audits.
- **Judges should be trained alongside prosecutors and investigators to ensure a shared understanding** of the processes leading up to judicial decisions on financial crime cases. Training should be comprehensive and consistent to ensure updated understanding of changes in laws and policies.
- **Sentencing guidelines are necessary** to ensure consistency in judgments and to prevent the current issue of disparities in case rulings.
- **Relevant AML/CFT agencies and actors (including private sector and non-profit actors) must work together** to amplify Nigeria's compliance with the FATF's standards. Inter-agency collaboration, coordination, and data sharing should be facilitated nationally and internationally to create mutual trust amongst criminal justice actors.

Work with me

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Dr Azinge-Egbiri is the founder of the [Global South Dialogue on Economic Crime Network](#) and has published widely on anti-money laundering and terrorist financing, including her book *Regulating and Combating Money Laundering and Terrorist Financing: The Law in Emerging Economies* (2021). Her research on greylisting and strengthening Nigeria's AML/CFT framework is ESRC Impact Accelerator Account funded.

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