BRIEFING

Financial crime enforcement:
Key issues to watch in Nigeria

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This report has been prepared jointly by Clifford Chance and Aluko & Oyebode, one of Nigeria's largest full-service law firms, combining international enforcement experience with deep local knowledge of the Nigerian legal and regulatory landscape.

Nigeria's financial crime enforcement landscape has undergone significant change over the past year, driven by its exit from the Financial Action Task Force (FATF) grey list, a wave of legislative and regulatory reform and deepening international cooperation, most notably with the United Kingdom. Anti-money laundering (AML), counter-terrorist financing (CTF) and counter-proliferation financing (CPF) are key regulatory priorities. Enforcement agencies are shifting from rules-based compliance towards outcomes-led enforcement, with expanded digital asset regulation, automated AML/CTF/CPF requirements and cross-border cooperation reshaping the obligations and exposure of institutions operating in or connected to Nigeria.

Key takeaways

1. **Shift to effectiveness-led AML/CTF/CPF enforcement:** The Central Bank of Nigeria's (CBN) updated Baseline Standards for Automated AML Solutions, issued in March 2026, require financial institutions to move beyond manual and fragmented controls toward automated systems covering customer due diligence, sanctions screening, transaction monitoring and governance.

2. **Deepening cross-border and institutional enforcement partnerships:** The UK-Nigeria Joint Fraud Action Plan and the April 2025 Joint Case Team on Cybercrime (JCTC) have formalised operational intelligence exchange and coordinated prosecution capacity between Nigerian and UK law enforcement.

3. **Expansion of virtual asset regulation:** The Investments and Securities Act 2025 (ISA) classifies virtual and digital assets as securities and empowers the Securities and Exchange Commission of Nigeria (SEC) to license Virtual Asset Service Providers (VASPs), enforce strict AML/KYC frameworks and mandate robust corporate governance.

What have been the key financial crime regulatory and enforcement developments in Nigeria over the past year?

On 24 October 2025, Nigeria was removed from the FATF grey list, following Nigeria's completion of a 19-point action plan to strengthen its AML and CTF framework, and a successful on-site visit. Nigeria continues to work with the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) to sustain improvements to its AML, Combating the Financing of Terrorism and Countering Proliferation Financing system. The delisting reflects significant progress in Nigeria's financial crime framework and is expected to reduce transaction costs, ease correspondent banking relationships and improve access to foreign investment and capital, particularly in the financial services, fintech and remittance sectors.

The delisting does not, however, reduce the compliance burden on businesses. AML/CFT/CPF obligations remain in force (including enhanced beneficial ownership transparency requirements, strengthened customer due diligence and reporting obligations, and increased regulatory scrutiny of higher-risk sectors) and businesses should continue to adapt to the enhanced regulatory framework and supervisory expectations introduced as part of Nigeria's reform programme. Nigeria also remains subject to the 12-month FATF post-observation period imposed last October.

The most significant legislative development is the Investments and Securities Act 2025 (ISA), which entered into force in March 2025. The Act brings virtual and digital assets, virtual asset exchanges, VASPs and digital asset operators within the SEC's regulatory remit, strengthens the SEC's enforcement powers, and introduces extensive corporate criminal liability provisions. Under section 346, where a company commits an offence, individuals responsible for the conduct of its business are deemed to have committed the offence themselves and may be prosecuted accordingly. Directors, managers and other officers are likewise deemed to have committed the offence where it occurred with their consent or connivance or is attributable to their neglect. Criminal penalties under the Act are severe, including fines of up to ₦1 billion and imprisonment for up to ten years for certain offences, such as prospectus misstatements, insider dealing and operating prohibited schemes.

The CBN's new Compliance Department also has responsibility for supervising AML/CFT/CPF and sanctions compliance, market conduct, enterprise security (including cybersecurity and data protection), and corporate governance and ESG risks, signalling a more integrated approach to non-prudential supervision and enforcement across the financial sector. This is likely to facilitate more coordinated supervisory engagement and enforcement action where deficiencies are identified across multiple compliance areas.

What do the CBN's new automated AML standards mean for financial institutions?

The CBN's updated Baseline Standards for Automated AML Solutions, issued on 10 March 2026, require financial institutions to move beyond manual and fragmented AML controls toward automated systems covering customer due diligence, KYC/KYB, sanctions screening, transaction monitoring, fraud monitoring, regulatory reporting, auditability and governance. Deposit money banks must achieve full compliance by 10 September 2027; for other financial institutions, by 10 March 2028. All regulated institutions were required to submit implementation roadmaps to the CBN Compliance Department by 10 June 2026.

Failure to comply may expose institutions to remedial directives, administrative sanctions and financial penalties under the CBN AML/CFT/CPF Administrative Sanctions Regulations 2023 and the Banks and Other Financial Institutions Act 2020. The standards represent a significant operational challenge: institutions will need to evidence not only that automated systems are in place, but that they generate measurable risk reduction. In terms of core compliance pillars, regulators will assess governance accountability, data quality, audit trail integrity, and the speed and quality of escalation when suspicious activity is detected.

What do recent enforcement actions reveal about Nigeria's regulatory priorities?

Enforcement activity has intensified markedly across agencies. Between October 2023 and September 2025, the Economic and Financial Crimes Commission (EFCC) received over 19,000 petitions, conducted 29,240 investigations, filed 10,525 court cases and secured 7,503 convictions, with reported recoveries of ₦566.3 billion, US$411.6 million and 1,502 non-monetary assets. There have been a number of high-profile asset recovery and corruption cases involving senior public office-holders, reflecting an increasing focus on unexplained wealth and the recovery of alleged proceeds of crime.

In May 2026, a final forfeiture order was issued over ₦1.9 billion naira in assets following the conviction of a former Acting Accountant-General of the Federation for money laundering and abuse of office. Similarly, in July 2026, the Federal High Court in Abuja ordered the forfeiture of 48 properties valued at ₦213.2 billion belonging to a former Attorney-General of the Federation, who is facing money laundering and abuse of office charges.

Regulatory enforcement against financial institutions has also intensified. In 2024, 29 Nigerian banks were fined a combined ₦15 billion for AML/CFT/CPF and related compliance failures. More broadly, regulators are demonstrating a greater willingness to impose financial penalties for governance and reporting deficiencies. For example, a report published by NGX Regulation Limited (NGX RegCo) in April 2026 stated that Nigerian Exchange Limited (NGX) imposed ₦562.6 million in penalties on 32 listed companies for delays in filing audited and unaudited financial statements during the 2024/25 financial year.

Taken together, these developments suggest a stronger focus on asset recovery, unexplained wealth, AML/CFT/CPF compliance and corporate governance enforcement, with regulators showing an increased willingness to impose financial and reputational consequences for non-compliance.

What do recent anti-corruption and financial crime cases reveal about the internationalisation of enforcement?

A recent cross-border case illustrates the challenges of Nigeria-linked anti-bribery and corruption enforcement. Nigeria's former Minister of Petroleum Resources faced bribery charges in the UK following a National Crime Agency (NCA) investigation, alongside parallel proceedings in Nigeria and cooperation across the UK, US and Nigeria. Although the Crown Prosecution Service brought charges in October 2024, the defendant was acquitted on all counts. Reports following the acquittal highlighted the practical difficulties of coordinating complex, multi-jurisdictional investigations and prosecutions, including evidence gathering and witness management across multiple jurisdictions including the Seychelles and Switzerland. For further detail on the background to the prosecution, see press reports here and here.

The case reflects the increasingly international nature of Nigeria-related anti-corruption enforcement. Similar cross-border issues have arisen in other recent matters involving Nigerian public officials and state-owned enterprises. In February 2026, a former Nigerian National Petroleum Corporation (NNPC) official was sentenced in the United States to more than seven years' imprisonment for accepting a US$2.1 million bribe in connection with the resolution of a dispute over Nigerian oil drilling rights. The case formed part of a broader multi-jurisdictional enforcement matter involving the United States, Switzerland and Nigeria, and corporate settlements relating to the same underlying conduct. Taken together, these cases illustrate both the increasingly international character of Nigeria-related anti-corruption enforcement and the evidential complexity of investigating and prosecuting historic corruption allegations spanning multiple jurisdictions.

Which sectors are attracting the most significant enforcement scrutiny?

Virtual assets remain one of the most significant and fast-evolving financial crime enforcement priorities in Nigeria. According to the IMF, Nigeria received approximately US$59 billion in cryptocurrency inflows between July 2023 and June 2024 and remains one of the world's leading crypto markets. However, tracing and recovering crypto-assets presents unique enforcement challenges, particularly where transactions involve offshore VASPs or jurisdictions that have not fully implemented the FATF Travel Rule, which requires identifying information on transaction counterparties to accompany transfers between providers. Reflecting the growing regulatory focus on the sector, the CBN launched an AML/CFT/CPF supervision pilot for selected VASPs in March 2026. The pilot is primarily a supervisory information-gathering exercise, requiring participating firms to report AML/CFT/CPF metrics, undergo reviews of sanctions screening, transaction monitoring and governance controls, and demonstrate readiness to comply with the FATF Travel Rule. The initiative signals a shift from policy development to active supervision and may provide the foundation for more intensive regulatory scrutiny and enforcement of the Nigerian virtual assets sector.

Separately, tax enforcement has also emerged as an increasingly important financial crime enforcement tool. The Nigeria Revenue Service (Establishment) Act 2025 empowers the Nigeria Revenue Service to work with the EFCC, ICPC and other agencies to trace, freeze and confiscate assets linked to tax fraud and evasion. Increasingly, tax records are being used not only to recover unpaid taxes but also to test whether an individual's wealth can be reconciled with their declared income. Recent forfeiture proceedings demonstrate this trend. On 13 May 2026, the Federal High Court ordered the final forfeiture of multibillion naira assets linked to a former Acting Accountant-General after finding that they could not be explained by his lawful earnings. The following day, the Nigeria Police Force secured a permanent forfeiture order over more than ₦2 billion linked to a financial sector employee whose assets lacked a legitimate tax-backed income trail. The cases suggest a growing convergence of tax, anti-corruption and asset recovery enforcement, with tax and income records increasingly being used as evidential tools to identify unexplained wealth and support forfeiture proceedings.

What are the most significant developments in cross-border cooperation and international financial crime enforcement?

The UK-Nigeria Memorandum of Understanding and Joint Fraud Action Plan have formalised operational and tactical intelligence exchanges between the two countries. The plan prioritises three core areas: operational intelligence sharing between the UK NCA and Nigeria's Office of the National Security Adviser (ONSA), including potential joint enforcement operations; cross-sector collaboration between financial, telecoms and online regulators; and structured capacity-building, beginning with UK Serious Fraud Office training for Nigerian prosecutors. The March 2026 UK-Nigeria statement of intent on cooperation relating to cyber-related fraud and scams further commits the UK to support Nigeria's newly created Fraud Fusion Cell, support the Nigerian Financial Intelligence Unit (NFIU) as part of Nigeria's National Risk Assessment, share information on illicit funds in UK banks linked to Nigerian cybercrime suspects and exchange intelligence on Nigerian cybercrime threat actors in the UK.

A practical example of recent cooperation emerged in January 2026, when intelligence shared by Meta and the UK's National Crime Agency enabled the Nigerian Police Force to dismantle an alleged online investment fraud operation targeting victims in the UK and United States. More broadly, Nigeria has continued to expand its international enforcement partnerships through asset-recovery arrangements, intelligence-sharing initiatives and bilateral cooperation agreements. Recent examples include the repatriation of US$52.88 million in forfeited corruption proceeds from the United States, an EFCC cooperation agreement with the Korean National Police Agency targeting financial crime and cyber-enabled fraud, and new NFIU memoranda of understanding with financial intelligence units in the Cayman Islands, Vatican City, Timor-Leste and Namibia. Taken together, these developments point to a clear trend towards more intelligence-led, technology-enabled and internationally co-ordinated financial crime enforcement.

In what other ways is Nigeria's institutional capacity for investigating and prosecuting financial crime developing?

The JCTC, launched in April 2025 with support from the UK NCA, the Foreign, Commonwealth and Development Office and the Commonwealth Secretariat, was designed to bridge the historically wide gap between investigations and conviction rates in Nigeria. Previously, cases frequently collapsed due to siloed agencies, fragmented evidence and jurisdictional disputes. The JCTC brings together the Nigeria Police Force, National Cybercrime Centre, EFCC, (NFIU), National Agency for the Prohibition of Trafficking in Persons, Nigeria Computer Emergency Response Team, ONSA, the Federal Ministry of Justice and the Federal High Court under unified standard operating procedures, enabling investigators and prosecutors to collaborate from the inception of a case with standardised evidence protocols to support admissibility in court.

The NFIU's expanded role has strengthened local investigators' ability to trace complex, multilayered financial crime. The NFIU receives, requests, analyses and disseminates intelligence on money laundering, terrorist financing and related offences – including suspicious transaction reports, currency transaction reports and international transfer reports. Critically, it can convert bank and reporting-entity data into actionable intelligence packages covering fund flow analysis, beneficial ownership leads, suspicious transaction patterns and cross-border requests. However, important weaknesses remain, including the inoperability of Nigeria's Corporate Affairs Commission (CAC) beneficial ownership register, limited technical capacity to investigate and prosecute complex financial crime, inadequate supervision of designated non-financial businesses and professions (DNFBPs), and challenges in translating financial intelligence into successful investigations, prosecutions and convictions.

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