

The Role of Anti-Money Laundering Laws and Institutions in Promoting Financial Integrity and Transparency towards Achieving SDG 16 in Nigeria

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Abstract

This paper investigates the crucial role of anti-money laundering (AML) laws and institutions in Nigeria in achieving the Sustainable Development Goal (SDG) 16 objectives of encouraging peace, justice, and strong institutions. For decades, Nigeria has unsuccessfully grappled with the challenge of establishing an effective legal framework to tackle money laundering, especially in the government space. Public officeholders and other state actors have used their positions of trust to launder illegally acquired funds and little or no attention is paid to the political class. Given Nigeria's tremendous economic growth and susceptibility to financial crimes, this paper using the doctrinal research methodology investigates the effectiveness of AML's and institutions in combating money laundering. It examines Nigeria's attempts to match international standards and contributes to SDG16 targets by conducting a thorough examination of AML laws, regulatory frameworks, and institutional processes. It examines the obstacles and gaps in enforcement, coordination, and capacity building, considering variables such as corruption, poor governance institutions, and inadequate resources. It recommends opportunities to improve financial integrity and transparency, such as increasing inter-agency coordination, thorough financial monitoring of the cost of governance, and fostering public-

private collaborations to strengthen the country's commitment to financial integrity and achieve SDG16 objectives.

Keywords: Money Laundering, SDG, Fraud, Crime, Finance, Integrity

Introduction

The promotion of financial integrity and transparency is crucial to achieving SDG16, since it fosters trust in governance systems and combats illicit financial activities like money laundering.ⁱ Financial integrity describes the essential feature of a financial system that is clean, transparent, and accountable. In today's global scene, the importance of sustainable development has inspired states worldwide to align their policies and projects with the United Nations' Sustainable Development Goals (SDGs). Among these goals, SDG 16 stands out as a foundation for supporting peaceful and inclusive societies, providing access to justice, and establishing effective, accountable, and transparent institutions.

Nigeria has grappled for several decades to maintain financial integrity. However, these efforts have resulted in movements without progress because the laws and institutions have been targeted wrongly and leaving out the kingpins. It is not surprising that Nigeria's quest towards financial integrity has moved in circles since the laws' makers are the people the laws should be targeted at. The 2022 Anti-Money Laundering Act, as laudable as it appears evaded the shots that should have nipped the problem in the bud, thus shielding institutionalized money laundering. Most new provisions have no workable implementation strategies.

Financial institutions like banks can track financial flows to a crime, but it becomes difficult when criminals evade the financial systems completely. Most crimes committed in Nigeria are committed using currency notes, for instance, kidnappers always direct that ransom for kidnap victims should be brought in cash and dropped at designated places.

Notwithstanding these prevailing challenges, Anti-Money Laundering (AML) legislation and institutions are still critical tools in the battle against financial crimes, protecting the integrity of financial institutions and encouraging openness. These regulations are intended to detect and prohibit money laundering activities, thereby stopping the flow of illicit monies and

maintaining the integrity of the global financial system. However, the effectiveness of AML regulations in attaining SDG16 targets in Nigeria continues to be questioned and debated. This makes it very imperative to interrogate the existing legal and institutional frameworks on money laundering to foster financial integrity and transparency in Nigeria.

This Paper is divided into five parts following this introduction. Part two evaluates the concept of money laundering and its impact on the economy. Part three appraises Nigeria's legal and institutional frameworks on money laundering. Part four examines Nigeria's efforts towards the attainment of Goal 16 of the SDGs, while part five concludes the paper.

The Concept of Money Laundering.

The word "money laundering" has its ancestry from the notorious mafia's ownership of Launderettes in the United States. At that time, these gangsters made significant profits from activities such as drug trafficking, extortion, prostitution and gambling. They mixed money earned from their illegal activities with money earned through legal sources to obscure the source of their funds. They acquired a laundry service to launder proceeds from their criminal operations, concealing the true source of their income. ⁱⁱ

The Anti-Money Laundering Act 2022 defines money laundering as

conversion or transfer of resources or properties derived directly from illicit traffic in narcotic drugs and psychotropic substances or participation in an organized criminal group and racketeering, terrorism, terrorist financing, trafficking in human beings and migrants smuggling, tax evasion, sexual exploitation, illicit arms, trafficking in stolen and other goods, bribery and corruption, counterfeiting currency, counterfeiting and piracy of products, environmental crimes, murder, grievous bodily injury, kidnapping, illegal restraints and hostage-taking, robbery or theft, smuggling, extortion, forgery, piracy, insider trading and market manipulation with the aim of either concealing or disguising the illicit origin of the resources or property or aiding any person involved to evade the illegal consequences of his action.” ⁱⁱⁱ

The 2022 AML Act has an extensive interpretation of money laundering when compared with the 2011 Act. The 2022 Act captured the offence of sexual exploitation in its definition and more specifically, sexual exploitation of children. This is laudable. The previous Acts of 2011, 2004 and 2003 concentrated more on offences with high financial gains leaving out offences with less financial undertone. However, sexual exploitation is a rising avenue through which millions of dollars are raked in particularly child pornography and other forms of exploitation of minors.

The 2022 Act also expanded the frontiers of tax offences. The 2011 Act was quite restrictive as it only provided for tax evasion, whereas the 2022 Act provided for all tax crimes related to direct taxes and indirect taxes.

Money laundering usually involves three stages, namely placement, layering and integration. The placement stage is to introduce illegally obtained funds into the financial system. It may be achieved by dividing the monies into smaller, less noticeable amounts, which are subsequently deposited into bank accounts or through instruments such as cheques and money orders.^{iv} Layering which is the second stage entails the launderer converting or moving funds multiple times to separate them from their source. Complex networks of transactions are established to transfer illicit funds between accounts or businesses, or to trade assets locally and internationally, ultimately making it difficult to trace the source of the money. Thereafter the illegal monies are reintroduced into the financial system as "clean money." This stage is referred to as the integration stage, where the launderers freely invest the money in assets such as real estate, autos or other items, start a new business, or, even worse, continue their illegal behaviour.^v

Impacts of Money Laundering

Money laundering is indeed a multifaceted threat, particularly in emerging markets and economies, due to its harmful effects on both micro and macroeconomics.^{vi} It has significantly discouraged the private sector in Nigeria's economic terrain. Money launderers often invest money from unlawful sources into legitimate businesses and public companies to launder it, hence, providing the public companies an advantage over their private competitors. As a result, the illegally acquired funds enable the public firms to subsidise their products and services below the current market prices or manufacturing costs, at the expense of other competitors.

Moreover, money laundering undermines the integrity of financial markets.^{vii} The fast disappearance of huge sums of money through wire transfers poses an integrity risk for financial institutions.^{viii} Such disappearances created liquidity issues and bank failures around the globe.^{ix} Money laundering also results in a loss of influence over economic policy. For instance, Michael Camdessus, former managing director of the International Monetary Fund, while assessing the scope of money laundering observed that “such staggering amounts from illicit funds may dwarf government budgets in some emerging market countries, giving the government no control over economic policy”.^x Money laundering can impact negatively currencies and interest rates when launderers reinvest their funds undetected. Money laundering further raises the risk of monetary instability by distorting asset and commodity prices, a typical issue in every economy.^{xi}

Money laundering reduces tax revenue and causes issues for legitimate taxpayers. Moreso, uncontrolled money laundering complicates tax collection and leads to higher tax rates for taxpayers compared to lawfully taxed revenues. Also, research shows that money laundering is a significant threat to privatization attempts in any country.^{xii} Laundering undermines government efforts to privatise state-owned firms by outbidding legitimate buyers.^{xiii}

Nigeria's financial management in 2001 was marked by numerous instances of Financial irregularities which included non-compliance with established financial procedures, such as a lack of audit inspection, over-invoicing, failure to repay financial advances, payment for unexecuted contracts, duplicate billing Debiting, absence of receipts for purchases, and disbursement of funds without prior authorization of the relevant authority.^{xiv} The combined impact of the aforementioned failures made the Financial Action Task Force (FATF) keep Nigeria on the Non-Cooperative Countries and Territories (NCCTs) list until May 2006.

One of Nigeria's biggest economic concerns is the rising exchange rate of the Naira to foreign currencies, especially US dollars. Foreign currency in Nigeria is obtained from banks at official exchange rates or from black marketers, or Bureau de Change (BDC). Unfortunately, politicians and bank executives are known to own several black market/Bureau de-change outlets and utilise them to launder billions of Naira. Most commercial banks also sell Central Bank-allocated USD to BDC companies. One would rarely convert Naira for foreign currency at commercial banks' official rates.^{xv} Banks often refused foreign money notes and sent

customers to the BDC. Foreign currencies are always available at BDCs, but commercial banks rarely have them, raising the question of why the CBN should sell to BDCs but not banks. The Nigerian Central Bank has threatened to stop selling foreign currencies to Bureau De Change operators because the apex bank claims BDCs channel illicit money.^{xvi} In the same vein, the Miyetti Allah Livestock Breeders Association of Nigeria has expressed concern that politicians are utilising livestock enterprises for money laundering.^{xvii}

Legal Framework for Combating Money Laundering

It is worrisome that Nigeria has been identified as the hub of money laundering in West Africa and labelled as the centre for illegal activities in sub-Saharan Africa.^{xviii} To change this narrative, Nigeria has enacted several laws to curb money laundering. Despite the government's efforts to establish a strong anti-money laundering framework, various factors impede the success of these efforts. Nigeria's first money laundering legislation was the Money Laundering Decree 3 of 1995 in compliance with the Vienna Convention.^{xix} However, the Decree was repealed and replaced with the Money Laundering (Prohibition) Act 2003. The 2003 Act subsisted for only 10 months before it was repealed following the enactment of the Money Laundering (Prohibition) Act 2004. The 2004 Act was subsequently repealed in 2011 by the Money Laundering (Prohibition) Act 2011 to remedy the lacuna noted in the Money Laundering (Prohibition) Act 2004.

The objectives of the 2011 Act were to repeal the 2004 Act, prohibit the financing of terrorism, the laundering of the proceeds of a crime, or an illegal act; and to provide appropriate penalties and expand the scope of supervisory and regulatory authorities to address the challenges faced in the implementation of the anti-money laundering regime in Nigeria. The 2011 Act was repealed by the Money Laundering (Prevention and Prohibition) Act 2022, which is the extant law regulating money laundering in Nigeria.

Money Laundering (Prevention and Prohibition) Act, 2022

a. Objectives

The 2022 Act expanded the objectives of the 2011 Act by providing for effective and comprehensive legal and institutional frameworks for the prevention, prohibition, detection, prosecution and punishment of money laundering and other related offences in Nigeria. It is geared towards strengthening the existing system for combating money laundering and related offences; and to make adequate provisions to prohibit money laundering. The Act also provided for the expansion of the scope of money laundering offences and provision of appropriate penalties. It established the Special Control Unit against Money Laundering under the Economic and Financial Crimes Commission for effective implementation of the money laundering provisions of the Act about the designated non-financial businesses and professions.^{xx} The 2022 Act is more elaborate and encompassing in approach compared to the 2011 Act and other earlier Acts.

b. Arrangements

The Act is divided into five parts. Part 1 sets out the objectives of the Act, while Part 2 which spanned from sections 2 -15 made provisions for the prohibition of money laundering. Part 3 established the Special Control Unit against Money Laundering in section 17. Part four which spanned from sections 18 to 22 provided for diverse money laundering offences and their penalties. Part 5 which spanned from sections 23 to 31 made for several miscellaneous provisions which captured jurisdiction to try offences, administrative penalties, interpretation, citation etc.

c. Innovations

The 2022 Act introduced some innovations. For instance, other than law enforcement agencies, the Act saddled other actors such as financial institutions and non-financial businesses, with the obligation to prevent money laundering.^{xxi} The non-financial businesses and professions include those in the hospitality industry, consulting companies, farming equipment dealers, precious metal and stone dealers, real estate developers, estate agents and brokers, lawyers, licenced professional accountants, mortgage brokers, and trust and company service providers. The major task for these non-financial businesses is to report any suspected fraudulent activity.

Though commendable, this innovation may not achieve the expected results. This is because law enforcement authorities with access to data, training, and empowerment have failed to curb money laundering in Nigeria, so expecting non-law enforcement organisations without access to data, training, or equipment to make an impact appears unlikely. The Act's inclusion of attorneys or lawyers indicates that lawyers should also expose their clients if they suspect that the client is engaged in fraudulent activities or if the client confides in them and tells them of their involvement in money laundering. This provision offends the lawyer-client privilege as provided by the Nigerian Evidence Act.^{xxii} This provision offends the lawyer-client privilege as provided by the Nigerian Evidence Act.^{xxiii} Thus the challenge is not the involvement of more crime fighters but curtailing the excesses of the political class., It appears that it would be better for the focal point of the Act to be institutionalized money laundering. Moreover,

Another innovation is the increase in the number of designated non-financial businesses and professions, from 10 to 19. These businesses and professions now include those in the hospitality industry, consulting companies, farming equipment dealers, precious metal and stone dealers, real estate developers, estate agents and brokers, notaries, licenced professional accountants, mortgage brokers, and trust and company service providers. The National Drug Law Enforcement Agency (NDLEA) has been removed from being the Agency to regulate the Act as the new Act has established the Special Control Unit against Money Laundering under the Economic and Financial Crimes Commission.

Unlike the previous enactments, the 2022 Act includes a definition of a casino. The term "casinos" means "whether licenced or not includes an internet casino, a building or room used for meetings, entertainment, gambling or dancing and equipped with gambling devices, gambling tables." The Act also broadened categories of businesses through which money could be laundered to cover digital financial services and assets. Funds are now defined to encompass virtual assets, and property now includes virtual assets and instruments. A virtual asset is described as "a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes but does not include digital representations of fiat currencies, securities and other financial assets."

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In the setting out offences, the 2022 Act commendably includes any person or body corporate, in or outside Nigeria, who is *directly* or *indirectly* involved in the offences set out, whereas the earlier 2011 Act only made provisions for those directly involved.

d. Duties of finance, non-finance houses and professions

i. Duty to Report Any International Transfer Above US\$10,000

The Act requires that any transfer of funds or securities by a person or body corporate, including a money service business, over \$10,000 US dollars or its equivalent to or from a foreign country be reported to the Nigerian Financial Intelligence Unit, Central Bank of Nigeria, and the Securities and Exchange Commission on the date of the transaction.^{xxiv} The report must identify the kind and amount of the transfer, together with the names and addresses of the sender and receiver of the funds or securities.^{xxv} Furthermore, the law requires anyone transporting cash or negotiable instruments worth more than ten thousand US dollars (US\$10,000) or its equivalent within or outside of Nigeria to declare it to the Nigerian Customs Service, which must then report the declaration to the Central Bank of Nigeria and the Nigerian Financial Intelligence Unit. Any individual who fails to make such a statement risks confiscation of such undeclared funds or negotiable instruments, imprisonment for at least two years, or both.^{xxvi}

ii. Duty of Identification and Verification Of Customers

To prevent money laundering, the Act requires financial institutions, designated non-financial businesses, and professions to: identify their customers, whether permanent or occasional, natural or legal persons, or any other form of legal arrangements, using identification documents as prescribed in any relevant regulation; verify the identity of customers and identify the beneficial owners through the use of reliable, independent sources.^{xxvii}

The Act specifies when financial institutions, designated non-financial businesses, and professions must conduct customer due diligence, such as when establishing business

relationships, carrying out occasional wire transfers, or when there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds.^{xxviii}

iii. Duty of Reporting Suspicious Transactions

A financial institution designated non-financial firm, or profession must notify any suspicious transaction to the Nigerian Financial Intelligence Unit within 24 hours of the transaction^{xxix}. The Act defines a suspicious transaction as one that occurs at an unjustifiable or unreasonable frequency, is surrounded by conditions of unusual or unjustified complexity, appears to have no economic justification or lawful objective, is inconsistent with the known transaction pattern of the account or business relationship, or involves the proceeds of criminal activity, unlawful act, money laundering, or terrorist financing.^{xxx} It is irrelevant whether the transaction is complete or not.^{xxxi} The Act penalises any financial institution identified as a non-financial business or profession that fails to comply with the provisions of subsections (1) and (2) with a fine of N1,000,000 for each day the infringement persists.^{xxxii} These institutions and professions must also keep all necessary records on transactions, both domestic and international, for at least five years after the transaction is completed, as well as all records obtained under Section 4 of the Act, including account files and business correspondence, and the results of any analysis undertaken, for at least five years after the termination of the business relationship or the date of the occasional transaction.^{xxxiii}

These records must be sufficient to allow the relevant authorities to easily recreate individual transactions at any time and make them quickly available to them.^{xxxiv}

iv. Duty to establish Internal Procedures, Policies and Controls

The Act requires all financial institutions, certain non-financial businesses, and professions to adopt plans to counteract the laundering of criminal proceeds or other illegal acts. They include the appointment of compliance officers at the management level at its headquarters as well as at each branch and local office; regular employee training programmes; the centralization of information collected; and the establishment of an internal audit unit to ensure compliance with and the effectiveness of measures taken to enforce the provisions of the Act.^{xxxv}

The law authorises various government organisations, including the CBN, SEC, National Insurance, and SCUML, to impose fines for failing to implement policies and initiatives to combat money laundering or the proceeds of illegal actions.^{xxxvi}

Any of these institutions may impose a penalty of not more than one million nairas (N1,000,000) for designated non-financial businesses and professions, not less than one million naira (N1,000,000) for capital brokerage and other financial institutions, and five million naira (N5,000,000) in the case of a bank, or suspend such an entity's licence for failure to comply.^{xxxvii}

e. Offences and Punishments

Sections 18-22 of the Act contain several money laundering offences and their penalties. The law prohibits participation in an organised criminal group, racketeering, terrorism, terrorist financing, illicit trafficking in narcotic drugs and psychotropic substances, corruption, bribery, fraud, currency counterfeiting, murder, grievous bodily injury, kidnapping, hostage taking, robbery or theft, insider trading, and market manipulation.^{xxxviii} Individuals who commit any of these acts face imprisonment for a term of not less than four (4) years but not more than fourteen (14) years, a fine of not less than five times the amount of the crime's proceeds, or both.^{xxxix} If the offence was committed by a corporation, the penalty upon conviction is a fine of at least five times the amount of the monies or properties obtained as a result of the offence.^{xl} Other charges include the retention of proceeds from criminal conduct, conspiracy, and aiding and abetting, all of which carry the same punishment.

The 2022 Act is quite encompassing concerning the actors Section 18(8) provides that notwithstanding the provisions of subsection (6), it shall not be necessary to establish a specific unlawful act, or that a person was charged or convicted for an unlawful act, to prove a money laundering offence under this Act. Subsection (9) provides that Knowledge, intent, purpose, belief or suspicion required as an element of money laundering under this Act may be inferred from objective factual circumstances. This is different from the previous Acts that required proof of specific offences. But it must be observed that this provision might give room for speculations and malicious prosecutions. It might also be explored by unscrupulous prosecutors to get back at their opponents.

Other pieces of legislation which impinge on money laundering**a. Criminal Code Act**

Money laundering is an offshoot of fraud. The Criminal Code made provisions for obtaining money and goods under pretenses which is tantamount to fraud.^{xli} it provides that any person who by any pretence, and with intent to defraud, obtains from any other person anything capable of being stolen, or induces any other person to deliver to any person anything capable of being stolen, is guilty of a felony and is liable to imprisonment for three years.^{xlii} In addition to money from illegal enterprises, most laundered funds are stolen funds. The Criminal Code also provides that any person who steals anything capable of being stolen, is guilty of a felony and is liable, if no other punishment is provided, to imprisonment for three years.^{xliii} Directors and officers of corporations or companies fraudulently appropriating property keeping fraudulent accounts, or falsifying books or accounts shall be guilty of a felony and are liable to imprisonment for seven years. The offender however cannot be arrested without a warrant.^{xliv}

b. Penal Code Act.

The Penal Code, provided for tax fraud which is an aspect of money laundering. It provides that anyone who knowingly or negligently provides inaccurate or insufficient information to a government agency, or fails to provide required information, with the awareness or should be aware that it could result in tax benefits, may be subject to a penalty of a monetary punishment or imprisonment for a maximum period of two years.^{xlv}

The Act is very particular about official corruption, the Act provides that a fine or imprisonment for a term not exceeding three years shall be imposed on anyone who demands or accepts an improper advantage in a position, office, or assignment, gives or offers an improper advantage to another person.^{xlvi} Aggravated corruption is punishable by imprisonment for no more than ten years. When deciding whether the corruption is intensified, specific weight shall be given to the act if it entails a violation of a public official's special trust or potential financial gain, risk of financial or other harm, and false accounting information or documentation, including annual accounts.^{xlvii} The Act further provides for the breach of Financial Trust by stating that any person who acts against another person's interests, which he or she maintains or supervises, with the intent to obtain an unlawful gain for himself or others or to inflict injury, shall be fined or imprisoned for not more than two years.^{xlviii}

c. Nigeria Police Act of 2020

The Act establishes a framework for the Police Force to ensure cooperation and engagement with host communities in maintaining peace, combating crime, defending liberties, life, and property, and other relevant subjects. Also, the Act empowers the Police generally to investigate and arrest offenders when there is an allegation of fraud^{xlix}

d. The Economic and Financial Crimes Commission (Establishment) Act of 2004

The Act established the Economic and Financial Crimes Commission (EFCC) as the primary agency in charge of investigating and prosecuting economic and financial crimes in Nigeria.¹ Further, The Advance Fee Fraud and Other Fraud Related Offences Act of 2006 addresses not only advance fee fraud but also a wide spectrum of fraudulent actions including money laundering. Section 7 of this Act deals with the illegal acquisition and subsequent concealment of funds earned by criminal conduct, and focuses on financial transactions involving revenues from certain crimes.

e. Nigeria's Proceeds of Crime (Recovery and Management) Act, 2022,

The Act authorizes a designated officer to seize and detain any cash in the process of being moved within or outside Nigeria, where he has reasonable grounds to suspect that it represents proceeds of unlawful activity or is intended to be an instrumentality of an offence.^{li} Cash includes notes and coins in any currency, cheques of any kind, including traveller's cheques, jewellery, and gold.^{lii} A designated officer includes an officer of the Nigerian Customs Service, National Drug Law Enforcement Agency, Nigerian Police Force, or Nigerian Immigration Service. The Court shall make a forfeiture order under this Act where it finds on a balance of probabilities that the property concerned is reasonably suspected to be proceeds of unlawful activity or represents the proceeds of unlawful activity.^{liii} A preservation order shall be granted by the Court to preserve property reasonably suspected to have been derived from unlawful activities and represents instrumentality of unlawful activity.^{liv} The Court in making a preservation order may direct the relevant organisation to notify any interested party of the preservation order by publishing the same in any widely circulating national newspaper within 14 days after the making of the order.^{lv} A preservation order shall expire 60 days after the date

on which it was made. However, the same can be renewed where the preservation order has not been set aside and there are reasonable grounds to grant the renewal.^{lvi}

f. Cybercrime (Prohibition, Prevention, etc.) Act, 2015

The Act makes it an offence to manipulate internet or computer data for economic gains and prescribes imprisonment for a term of not less than 3 years or to a fine of not less than 7,000,000.00 or both fine and imprisonment.^{lvii} The Act also provides several terms of imprisonment for other aspects of cyber manipulations for economic gains^{lviii}

g. Banks and Other Financial Institutions Act, 2020,

The Act mandated banks to adopt policies stating their commitments to comply with Anti-money laundering and combating Financing of Terrorism obligations under subsisting laws regulations and regulatory directives Banks are also enjoined to adopt and implement internal control measures to prevent any transaction that facilitate criminal activities, money laundering and violence.^{lix}

h. Investment and Securities Act 2007

The Act prohibits a person from creation or doing anything which may create a false or misleading appearance of active trading in any securities on a securities exchange or capital trade point; or with respect to the market for the price of any such securities.^{lx} A person shall not- (a) using purchase or sale of any securities that do not involve a change in the beneficial ownership of those securities; or (b) by any fictitious transactions or devices, maintain, inflate, depress, or cause fluctuations in the market price of any securities^{lxi}

The Act further provides that no person shall directly or indirectly in connection with the purchase or sale of any securities employ any device, scheme or artifice to defraud; or engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.^{lxii}

i. Independent Corrupt Practices and Other Related Offences Commission Act of 2000.

This Act addresses many types of corruption, fraud and financial crimes in Nigeria. ^{lxiii} The Act is very particular in curbing corruption by public officers which also includes money laundering. It provided that any person who, being employed in the public service, knowingly acquires or holds, directly or indirectly, otherwise than as a member of a registered joint stock company consisting of more than twenty (20) persons, private interest in any contract, agreement or investment emanating from or connected with the department or office in which he is employed or which is made on account of the public service, is guilty of an offence, and shall on conviction be liable to imprisonment for seven (7) years. ^{lxiv}

The Act further provided that any public officer who uses his office or position to gratify or confer any corrupt or unfair advantage upon himself or any relation or associate of the public officer or any other public officer shall be guilty of an offence and shall on conviction be liable to imprisonment for five (5) years without an option of fine. ^{lxv}

In addition, it provides that a public officer or other person found guilty of soliciting, offering or receiving gratification shall forfeit the gratification and pay a fine of not less than five times the sum of the value of the gratification which is the subject- matter of the offence where such gratification is capable of being valued or is pecuniary, or ten thousand naira, whichever is higher. ^{lxvi}

Institutional Framework for Combating Money Laundering^{lxvii}

a. The Economic and Financial Crimes Commission

This is Nigeria's primary agency for investigating and prosecuting economic and financial crimes. It is an autonomous entity having the authority to arrest, jail, and punish anyone involved in economic and financial crimes. The EFCC works with various law enforcement agencies, including the Nigeria Police Force, the Independent Corrupt Practices Commission, and the Nigerian Financial Intelligence Unit, to ensure that anti-fraud laws are effectively enforced. ^{lxviii}

b. Special Control Unit against Money Laundering (SCUML)

The Money Laundering Act 2022 established "the SCUML" which acts as a department within the Economic and Financial Crimes Commission. ^{lxix} The Unit is saddled with several

responsibilities which include supervising designated non-financial businesses and professions in their compliance with the Act's provisions, relevant laws, and applicable regulations.^{lxx}

Other functions of the Unit include registration and certification of designated non-financial businesses and professions; the monitoring and supervision of designated non-financial businesses and professions; and taking necessary enforcement actions to ensure compliance with the Act.^{lxxi}

c. The Nigerian Police Force

Article 4 of the Nigerian Police Act states that "The Police shall be employed for the prevention and detection of crime, the apprehension of offenders, the preservation of law and order, the protection of life and property and the due enforcement of all laws and regulations with which they are directly charged". The Nigeria Police Force formed the Cybercrime Unit in 2017 to tackle cybercrime.

d. The National Cyber Security Coordination Centre (NCCC)

This Center is critical in Nigeria's fight against cybercrime which also encompasses some aspects of money laundering. The NCCC acts as a keystone for seamless coordination and effective monitoring of cybersecurity initiatives, under the national cybersecurity strategy.^{lxxii}

e. Securities and Exchange Commission (SEC)

SEC is a very pivotal agency in the war against money laundering in Nigeria. It is the government agency responsible for regulating and developing Nigeria's capital market. The SEC's responsibilities include developing the capital market, promoting investor protection, ensuring market transparency, regulating securities offerings, licencing and supervising market participants, and enforcing market rules and regulations to ensure the integrity and stability of Nigeria's capital market.

f. The Central Bank of Nigeria (CBN)

The CBN as a regulator, plays an important role in combating fraud in the country's financial system by supervising banks and other financial institutions.^{lxxiii} It creates and enforces policies to protect the integrity of the banking system. The CBN also works with other relevant parties

to develop and execute rules that improve financial transparency and combat fraud in the banking sector.

International Institutions in the Fight Against Money Laundering

Nigeria actively participates in international efforts to combat fraud and financial crimes. Nigeria has signed several treaties, such as mutual legal assistance treaties with numerous nations that enable the exchange of information and cooperation in investigating cross-border crimes.^{lxxiv} Nigeria is also an active member of international organisations like the International Criminal Police Organisation (INTERPOL), which helps to coordinate global efforts to combat fraud and money laundering.

The institutional framework on money laundering in Nigeria cannot be complete without a review of the place of The Financial Action Task Force on Money Laundering (FATF) and The Inter-Governmental Action Group against Money Laundering in West Africa (GIABA)

The FATF is an intergovernmental organisation established in 1989 by the G-countries to prevent money laundering by creating and advocating for international standards through its recommendations.^{lxxv} After the September 11, 2001, terrorist assault in the U.S., the FATF expanded its objectives to include combating terrorist financing by implementing additional special recommendations.^{lxxvi} The FATF's main functions related to money laundering are to monitor the implementation of anti-money laundering efforts by member countries, review and report on current trends in money laundering, and promote international money laundering standards.

On the other hand, GIABA was formally established as a specialized institution of the Economic Community of West African States (ECOWAS) by the Authority of Heads of State and Government of ECOWAS in December 2000. Charged with the responsibility to strengthen its member States' capacity to prevent and control money laundering and terrorist financing in the region, GIABA draws its membership from the fifteen (15) West African States. Two non-ECOWAS countries are members of GIABA, they are the Island of Comoros and Sao Tome and Principe.

GIABA develops institutions to create a healthy and competent Regional Body for AML/CFT that can help Member States build the capacity to combat money laundering and terrorism in their jurisdictions and regions. GIABA monitors and evaluates member states' compliance with international AML/CFT standards. This requires mutual appraisals and follow-ups. GIABA researches ML and FT techniques, methodology, extent, pattern, trends, location, and impact on Member States. Conventional research is essential to GIABA investigations. The body helps Member States improve their AML/CFT structures and processes.

It is disturbing that despite the array of legal and institutional frameworks Nigeria still struggles with money laundering. Nigeria's anti-money laundering efforts are essentially reactionary. An in-depth assessment shows that most of Nigeria's money laundering regulations were influenced by foreign pressure due to concerns about sanctions for lax money laundering enforcement. GIABA, FATF, and other international groups have helped countries fight money laundering. Nigeria enacted its first AML framework in 1995 to comply with the Vienna Convention. It only handled drug money laundering, ignoring other crimes. After Nigeria was blacklisted as a money laundering non-cooperative, the FATF pressured the EFCC to be established in 2004. Nigeria joined the Egmont group to fight money laundering and terrorism to show the world it is following global best practices. In 2005, the EFCC created the Nigeria Financial Intelligence Unit (NFIU) to collect, assess, and disseminate financial intelligence with law enforcement and other relevant institutions.^{lxxvii}

Despite all these, The Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) stated that Nigeria is the primary West African country involved in money laundering.^{lxxviii}

Nigeria's Fight against Money Laundering against the Backdrop of SDG 16 towards Promoting Financial Transparency and Strong Institutions.

In 2015, all United Nations member countries ratified the 2030 Agenda for Sustainable Development. The document outlines 17 Goals comprising 169 targets. These comprehensive and ambitious Goals are interconnected.^{lxxix}

Goal 16 is about promoting peaceful and inclusive societies, providing access to justice for all and building effective, accountable and inclusive institutions at all levels. People everywhere should be free from the fear of all forms of violence and feel safe as they go about their lives whatever their ethnicity, faith or sexual orientation.^{lxxx} However, prevailing violent conflicts and illegal cash flows around the world are derailing the global path to peace and achievement of Goal 16.^{lxxxi}

This Goal has the following Targets as the parameters to measure its attainment.

- By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.
- Substantially reduce corruption and bribery in all their forms.
- Develop effective, accountable and transparent institutions at all levels.
- Ensure responsive, inclusive, participatory and representative decision-making at all levels.
- Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime.

This paper revolves around target 16.4 which aims at significantly reducing illicit financial and arms flows, strengthening recovery and return of stolen assets, and combating all forms of organized crime by 2030.^{lxxxii}

The preceding discussion demonstrates that Nigeria is not bereft of institutional and legal frameworks for combating money laundering. However, in reality, Nigeria has continued to struggle, and the prospect of achieving this goal is rapidly fading, with only six years remaining until the target year 2030. The actuality of money laundering in Nigeria was substantially amplified between mid-year 2022 and February 2023, owing to the 2023 national elections.^{lxxxiii}

Shortly before the 2023 general elections, there was a redesign of Nigeria, which generated a major cash crisis that brought unimaginable agony to the people. This also affected the money launderers, causing so many individuals to dispose of billions of old Naira notes stacked in individual residences. In a surprising disclosure, Ola Olukoyede, Chairman of the Economic

and Financial Crimes Agency (EFCC), stated in a public engagement on youth, religion, and the fight against corruption that the agency traced N7 billion suspected of being fraud proceeds to a religious group. Nigeria is a devout country, so it is not surprising that some people utilise religious institutions to launder money they have obtained illegally.^{lxxxiv} The Basel Institute on Governance classifies Nigeria as a high-risk country for money laundering and terrorism funding. Nigeria was rated 6.77 out of 10, ranking 17th out of 128 countries. The ranking was featured in its study titled 'Basel AML Index 2022: 11th Public Edition - Ranking money laundering and terrorism funding concerns around the world'.^{lxxxv}

In 2021, Nigeria was rated sixth in the world for organised crime.^{lxxxvi} by the 2023 Global Organised Crime Index. In a 2022 Report, by Global Financial Integrity, Nigeria was ranked fifth among countries with the most politically exposed persons involved in real estate money laundering schemes in the United States. According to the report, Global Finance Integrity analysed 125 cases, including those involving Nigerian government officials, and estimated that between 2015 and 2020, at least \$2.3 trillion was laundered in the United States real estate sector, including the purchase of expensive personal assets such as art, jewellery, and yachts.^{lxxxvii}

A cursory examination of Goal 16's other targets exposes various significant flaws, particularly in the areas of prevention of abuse, exploitation, trafficking, and all forms of violence and torture against children. One of the targets calls on governments to ensure responsive, inclusive, participatory, and representative decision-making at all levels.

It is ludicrous that in a modern world, Nigeria has poor public engagement disposition or tolerance. Elections, meant to give voters a say in their government, unfortunately, turn into a selection process where the wealthy or influential candidate wins. In many African nations, government corruption has damaged institutions. No attempts have been made to improve vital national institutions, especially through international cooperation, to strengthen capabilities at all levels, especially in developing nations, to avoid bloodshed and handle terrorism and crime. Abductions are common on many of Nigeria's main roads such as Kaduna-Abuja, Enugu-Okigwe, Benin-Ore, and Lokoja-Kaba. High ransoms are demanded, and the government does little to stop it. Additionally, the abduction earnings are reinvested in the local financial system and some are disbursed to politicians., who hold government posts.^{lxxxviii}

Conclusion

The significance of anti-money laundering (AML) laws and institutions in Nigeria, in terms of fostering financial integrity and transparency to accomplish Sustainable Development Goal 16 (SDG 16), cannot be emphasized enough.

Ultimately, the presence of anti-money laundering legislation and institutions in Nigeria plays a crucial role in advancing financial integrity and transparency, which are essential for attaining Sustainable Development Goal 16. The efforts to prevent illegal financial activities, improve clarity, and promote collaboration across countries in combating money laundering help the establishment of peaceful, inclusive, and responsible societies that are crucial for sustainable development. Nevertheless, ongoing endeavours and cooperation are important to tackle the remaining obstacles and guarantee the resilience of Nigeria's financial system against the risks presented by money laundering.

Having strong AML laws not only establishes a legal structure for punishing criminals but also demonstrates Nigeria's dedication to fighting financial crimes. This promotes an atmosphere where the importance of financial integrity is emphasised, hence contributing to the achievement of SDG 16's objective of fostering peaceful and inclusive societies for sustainable development. Credence must be given to the laudable innovations of the 2022 AML Act; however, the implementation of the Act to achieve reduced money laundering in the country remains an issue that time would reveal. In the Act's almost two years of existence, Nigeria still faces obstacles in its endeavours to combat money laundering and attain SDG 16. This was amplified by the 2023 elections. The issues encompass limitations in the competence of anti-money laundering (AML) institutions and the continuous development of evasion strategies employed by money launderers. Moreover, a cursory look at the act shows that there is no strong practical implementation mechanism to enhance its effectiveness. The establishment of SCUML is quite commendable however, its independence and ability to subdue money laundering offenders especially those in government remains foggy. To tackle these problems, money laundering must be tackled from the source. In addition to the arrest and probe of the launderers on the field, the eyes of the law should be extended to their sponsors, benefactors and protectors.

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