

RESEARCH ARTICLE

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**AN ASSESSMENT OF THE ROLE OF THE
SPECIAL CONTROL UNIT AGAINST MONEY
LAUNDERING (SCUML) IN COUNTERING
MONEY LAUNDERING AND TERRORISM
FINANCING IN NIGERIA ABIODUN ADEBANJO
(DOP)**

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Abstract

The work is a summative assessment of the impact of Special Control Unit against Money Laundering (SCUML) in the ecosystem of Nigeria's Anti-Money Laundering and Countering of Terrorism Financing (AML/CTF) framework. This work examined the mandate of the SCUML and its role within Nigeria's AML/CTF regime. The work evaluated the role and contribution of the Unit to the fight against Money Laundering (ML) and Terrorism Financing (TF) in Nigeria. The work examined the Unit as to whether it has the capacity in terms of structure and resources to deliver on its mandate. The work began by looking at the reason for the establishment of SCUML in the first place and how it has fared in this regards. The study utilized data from records available in the EFCC Annual Reports on the activities of the Unit from 2015 – 2022. Document analysis of materials available on the Unit was deployed in making deductions and inference in order to draw the conclusion from the study. Key findings of the work provide that SCUML has made several strides especially in the on having DNFBPs in Nigeria comply with registering with it before they can operate corporate accounts. There are still a number of issues that needs to be addressed. From the records of registration of DNFBPs it is evidently clear that the Unit has achieved a major milestone in the quest to have a register of DNFBPs in Nigeria. This is a first step in FATF Recommendation 23 that requires Competent Authorities to have a National Register of DNFBPs. In this regards the Unit has done creditably well but bringing DNFBPs into full compliance of Nigeria's AML/CFT/CPF required a lot more. Some of the challenges militating against the Unit playing its role includes among other: many Self Regulating Organisations (SROs) do not comply with the Unit as they should. The Unit is supposed to provide information to all law enforcement agencies as the NFIU does. This is not currently the case. The Unit is a Department under the EFCC, as such virtually all of the information it gathers is in the fulfilment of the mandate of the EFCC. The Unit's mandate just like the NFIU is regulatory. How a regulatory Unit can function effective in a law enforcement set is a challenge that must be addressed. It is clear from the number of staff and coverage of SCUML that the Unit there is a need for the Unit to have office in all the states in Nigeria if it is to play more effective role in regulating the activities of DNFBPs which are scatter across Nigeria.

KEYWORDS: Money Laundering, Economic and Fiancial Crimes Commission (EFCC), Special Control Unit against Money Laundering (SCUML), Financial Institutions (FIs) and other Designated Non-Financial Businesses and Professions (DNFBPs).

INTRODUCTION

The problem of Money Laundering and Financing of Terrorism, led to the development of Anti-Money Laundering and Countering of Terrorism Financing (AML and CTF) regulations in the world. With the evolution of the threats posed by Weapons of Mass Destruction (WMD), regulations were developed around the prohibitions of Non-Proliferation of WMD financing. These regulations came in the form of Recommendations and Special Regulations developed by the Financial Action Task Force (FATF). FATF is the global money laundering (ML) and terrorist financing (TF) watchdog. It sets international standards that aim to prevent these illegal activities that promotes and the harm they

cause to society. FATF was formed by the G-7 in Paris in 1989. It however became more concerned about terrorism financing after the September 11, 2001 terrorist attack on the United States (9/11) by al-Qaeda. Money laundering results from the generation of money from illicit sources. Persons who generate money from illicit sources like drug trafficking, illegal oil bunkering, smuggling of goods, etc. would seek to launder such proceed into legitimate ventures. Monies derived from such ventures are also often used to finance terrorism (United Nations Office on Drug and Crime.2009).

After 9/11, the international community made the fight against money laundering and the financing of

terrorism a priority. International Financial Institutions (IFIs) become more concerned about the possible consequences of money laundering and the financing of terrorism on nations all over the world. These include risks to the soundness and stability of financial institutions and financial systems, increased volatility of international capital flows, and a dampening effect on foreign direct investment. The United Nations Security Council passed a number of Resolutions against terrorism financing. One very prominent among the several was Resolution 1373 of September, 28th 2001 which called on member states to: "Prevent and suppress the financing of terrorist acts and refrain from providing any form of support, active or passive, to entities or persons involved in terrorist acts" (United Nations Security Council 4385th Meeting).

The magnitude of the problem led all United Nations (UN) to encourage countries to sign up to Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) standards. One of the key elements of AML/CTF regimes is the requirement for Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBs) to report transactions they deem suspicious of being related to criminal or terrorist activity to specialised Units of government. As a result of confidentiality traditionally attached to financial transactions and because reporting entities (FIs and DNFBs) do not always have the means to substantiate their suspicion, it proves difficult to report it directly to the authorities in charge of enforcing criminal laws. It therefore became necessary for governments to establish specialised agencies saddled with this task. This heralded the need to establish Financial Intelligence Unit (FIUs) (International Monetary Fund, 2004).

The Economic and Financial Crimes Commission (EFCC) was established as a response to the need for Nigeria to comply to the global call for the enactment of robust laws against ML and TF and the need to set up FIUs and agencies that would address the issues around economic and financial crimes which are the crimes that generate ML and leads to the financing of terrorist. The EFCC was established as a response to FATF blacklisting of

Nigeria in 2002 as one of the Non-Cooperative Countries and Territories (NCCTs) (www.efcc.gov.ng). Section 2 of the EFCC Establishment Act (2004) designated the EFCC as the Nigerian Financial Intelligence. The function was removed from the EFCC when the NFIU Act was enacted in 2018, making it an independent agency from the EFCC. The Special Control Unit against Money Laundering (SCUML) was established by the Federal Government in September 2005 in compliance with the provisions of the then Money Laundering (Prohibition) Act, 2004 which was subsequently repealed and amended to Money Laundering(Prohibition) Act 2011(as amended). The most recent law from which SCUML derived its power and mandate is the Money Laundering Prevention and Prohibition Act, 2022. This was a requirement which brought Nigeria in compliance with Recommendations 18 and 23 of FATF. The Unit by the current law is a department in the EFCC (Money Laundering (Prevention and Prohibition) Act, 2022).

Statement of the Problem

Upon its establishment in 2003, the EFCC was designated Nigeria's Financial Intelligence Unit (FIU). By 2005, SCUML was created by the Federal Ministry of Commerce and Industry and the EFCC to regulate DNFBs in Nigeria. According to the FATF, FIUs serve as national centers for the receipt and analysis of suspicious transaction reports and relevant money laundering information, associated predicate offences, and terrorist financing. The Egmont Group which is a group of FIUs across the globe who have committed to sharing financial intelligence, stated further that FIUs are to obtain additional information from reporting entities and that all FIUs all over the world must have timely access to required financial, administrative, and law enforcement information to undertake its functions properly.

It is pertinent to say that FIUs are responsible for disseminating analyzed results of financial intelligence gathered from reporting entities which are financial institutions and non-financial institutions as well. SCUML therefore is the Unit that is mandated by law to collect financial information from all DNFBs in Nigeria. The

Nigerian Financial Intelligence Unit (NFIU) remained the EFCC and to fulfill that function the EFCC had a Department designated as such. In 2018, the law exercising the NFIU from the EFCC was enacted. The National AML/CTF Strategy of Nigeria classified SCUML as one of the frameworks for dealing with the threat of ML and FT in Nigeria. Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) 2021 mutual evolution report stated that SCUML has a general understanding of Nigeria's and sectorial ML/TF risks. However, SCUML lacks resources to supervise DNFBPs due to the composition and size of the sector.

By the enactment of the Money Laundering (Prevention and Prohibition) Act, 2022 which repealed the Money Laundering Prohibition Act (2012) as Amended, SCUML is designated a Department under the EFCC. It presupposes that the Unit has been strengthened to be able to deliver on its mandate. The Unit has been in existence for 18 years. However, its activities have never been reviewed to determine its effectiveness playing its role in Nigeria's AML/CTF regime. It is therefore important to have a review of its activities vis-à-vis its place and position in Nigeria's AML/CTF framework. This paper is a summative assessment of the impact of SCUML in the ecosystem of Nigeria's AML/CTF framework. A Summative assessment seeks to determine the effectiveness of an intervention put in place to deal with an identified problem.

Aim of the Paper

The aim of the paper is to ascertain what SCUML was established to do and to see whether it has the capacity in terms of structure and resources to deliver on the mandate. The article examined the reason for the establishment of SCUML and how it has fared in that regards. The work looked at the key role of SCUML and evaluates the structure and measure put in place by the Unit to play this role effectively. The paper presents the scorecard of the Unit based on available data.

Conceptualizing Money Laundering

According to UN Vienna 1988 Convention Article 3.1 money Laundering is defined as:

The conversion or transfer of property, knowing that such property is derived from any offense(s), for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such offense(s) to evade the legal consequences of his actions.

According to FATF (1999) money laundering is an illegal activity that legitimizes proceeds from criminal enterprise. It is the processes (layering, placement and integration) that are involved in cleaning up monies derived from criminal activities. Through these processes criminal activities are made to appear legitimate. The act of money laundering provides a support function to proceeds from criminal activities. Hendriyetty & Grewal, (2017) argues that Money laundering as a criminal activity has a global impact. They opined that it involves how criminal finances are laundered through the financial systems, international trade or other means. Korejo et al., (2021) opined that Money laundering is the process by which criminals conceal the existence, illegal source or illegal application of income and then disguise or convert that income to make it appear legitimate, i.e. cleaning illicit proceeds. Olujobi and Yebisi, (2023) posits that as at today Money laundering still occurs in three stages. These stages are: placement, layering and integration. Placement they say is introducing money generated from crime into the financial system, layering on the other hand is the cross-border transfer of proceeds to avoid detection of the source and, finally, integration is returning the proceeds as legitimate income to the criminal.

History of the Establishment of SCUML

The Nigerian business environment was adjudged by the international community to be awash with unethical business behaviours, thereby making it a safe-haven for money laundering and other forms of illegal business dealings. The International Community in 2001, through the Financial Action Task Force (FATF), assessed the situation and placed Nigeria on the list of Non-Cooperative Countries and Territories (NCCTs). In response, the Federal Government of Nigeria constituted a Presidential Inter-Agency Committee in 2003 to address the issues raised by the FATF. The

Committee opened dialogue with the FATF and initiated actions to address the identified deficiencies. One of the major achievements in the intervening period was the development of a National Strategy and Implementation Plan to remove Nigeria from the FATF NCCTs list. Following the implementation of the National Strategy and the attendant dialogue with FATF, Nigeria was removed from the NCCT list in June 2006 (British Council, Security Justice and Growth Programme Report, 2008, p.3).

The Implementation Plan, among other things, culminated in the passage into law of the amended Money Laundering (Prohibition) Act 2004, which for the first time incorporated as well as defined DNFBPs and vested the regulatory responsibility of same in the Federal Ministry of Commerce and Industry (FMC and I). SCUML was established as a specialized unit of the Federal Ministry of Commerce and Industry by the Federal Executive Council of Nigeria in September 2005 (British Council, Security Justice and Growth Programme Report, 2008, p.3).

An Overview of SCUML

SCUML was created as part of the measures for the implementation of the FATF Recommendations 18 and 23. FATF Recommendations include amongst others the establishment of Legal and Institutional framework for the effective implementation of the Anti-Money Laundering/Counter-Terrorism Financing and Proliferation (AML/CFT/CPF) measures in all countries. This led to the enactment of the Money Laundering (Prevention and Prohibition) Act, 2022 and the Terrorism (Prevention and Prevention) Act, 2022 in Nigeria. SCUML is mandated under the Money Laundering (Prevention and Prohibition), Act, 2022 and other extant rules and regulation to implement specific sections of the Act and relevant AML/CFT/CPF Regulations in line with the FATF recommendations for the implementation of AML/CFT/CPF measures within the DNFBP Sector in Nigeria.

Structure of SCUML

SCUML operates within the EFCC and has office in the major Zonal Commands in the EFCC. It is

structured into units for its operations. Its office are found in all the fourteen zonal commands of the EFCC: Abuja, Lagos, Ibadan, Edo, Kaduna, Kano, Gombe, Enugu, Maiduguri, Port Harcourt, Ilorin, Sokoto and Uyo. The various offices report to the Director who is at the Headquarters at the EFCC Zonal Command at Abuja. It has a Compliance, Registration, Enlightenment and Legal Unit among others for its effective operation. Staff of the EFCC are deployed to the Unit (SCUML, Head Office, Abuja).

Mandate of SCUML

Section 17 of the Money Laundering (Prevention & Prohibition) Act, 2022 established the department SCUML under the Economic and Financial Crimes Commission (EFCC). SCUML is responsible for the supervision of Designated Non-Financial Businesses and Professions (DNFBPs) in Nigeria. In compliance with the provisions of the Act, relevant laws and applicable regulations. This provides the legal framework for SCUML with availability of criminal and administrative sanctions. The DNFBPs are defined under Section 30 of the Money Laundering (Prevention and Prohibition) Act, 2022 to include: Business outfits dealing in Jewelries; Car Dealers; Dealers in Luxury Goods; Chartered Accountants; Audit Firms; Tax Consultants; Clearing and Forwarding Companies; Legal Practitioners; Hotels; Casinos; Supermarkets; Dealers in Precious Stones and Metals; Law Firms, Notaries, and other Independent Legal Practitioners; Accountants and Accounting Firms; Trust and Company Service Providers; Dealers in Real Estate, Estate Developers, Estate Agents and Brokers; Estate Surveyors and Valuers; Mortgage Brokers; Hotels and Travel Agencies; Consultants and Consulting Companies; Construction Companies; Importers and Dealers in Automobiles; Practitioners of Mechanized Farming; Pool betting and Lottery; and Dealers in High value goods.

Content of FATF Recommendation 23

The requirements set out in Recommendations 18 to 21 apply to all designated non-financial businesses and professions, subject to the following qualifications:

(a) Lawyers, notaries, other independent legal

professionals and accountants should be required to report suspicious transactions when, on behalf of or for a client, they engage in a financial transaction in relation to the activities described in paragraph (d) of Recommendation 22. Countries are strongly encouraged to extend the reporting requirement to the rest of the professional activities of accountants, including auditing.

(b) Dealers in precious metals and dealers in precious stones should be required to report suspicious transactions when they engage in any cash transaction with a customer equal to or above the applicable designated threshold.

(c) Trust and company service providers should be required to report suspicious transactions for a client when, on behalf of or for a client, they engage in a transaction in relation to the activities referred to in paragraph (e) of Recommendation 22 (International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. The FATF Recommendations: 2012 - 2023 pp, 20 -21).

Literature Review and Theoretical Framework

Empirical Review

Julius, Omobola & Olajide (2012) opined that money laundering is one of the most pervasive economic crimes in the world. They observed that Trillion of dollars are laundered through the financial market each year. They observed that such amounts of money cannot be successfully laundered without the involvement of financial intermediaries whom they contend includes bankers (agents of financial institutions) and lawyers (designated non-financial entities). These persons they stated further use their expertise to conceal and obscure illegal activity. Lawyers and bankers they referred to as financial intermediaries in the act. Their study examined the predatory activities of these financial intermediaries in facilitating money laundering in Nigeria.

Julius, Omobola & Olajide (2012), utilized publicly available data as evidence to illuminate the role played by these intermediaries. In the study they found that in pursuit of organizational and personal interest, the financial intermediaries

create enabling structures that support illicit activities of political and economic elite in Nigeria. They argued that activities of these financial intermediaries' and anti-social practices are significant, as huge amounts are lost to this practice. They concluded that the establishment of money laundering laws and the creation of anti-money laundering agencies had not brought about professional transparency and ethical conduct to these category of persons. They recommend that there is a need for policy makers to reform the financial institutions in order to promote integrity, accountability and ethical professional conduct to curb money laundering and to build trust in the Nigerian financial system.

Normah, Zulaikha, & Intan (2016) contend that DNFBPs are expected to comply with requirements listed in FATF Recommendations, which include the need to: (i) Conduct due diligence on their clients, (ii) Maintain proper records and documentation of related transactions for at least six years and (iii) Submit suspicious transaction report to their Competent Authority, which is the agency in charge of anti-money laundering regime of a country, when necessary. In trying to examine the role of DNFBPs, they analyzed the Mutual Evaluation reports of countries within the Asia Pacific Region.

The Asia Pacific Group on Money Laundering is charged with the responsibility of assessing the level of compliance of the Forty (40) countries in the Asia Pacific region based on the stipulated FATF standards. They observed that DNFBPs in the region need to comply with five major recommendations of FATF which include: Recommendations 12, 16, 17, 20, 24 and 25. They made this point because based on the result of their assessment, that DNFBPs in the countries in the region have very poor compliance rating on these recommendations. They concluded that the low level of compliance on the aforementioned standards, implies either a lack of awareness among countries or poor enforcement by regulators.

Newbury (2017) opined that the aim of his work is to highlight vulnerabilities in Australia's AML/CTF regime through Australia's non-compliance with

the FATF recommendations on the regulation of DNFBPs. The study presents findings from research conducted in 2015 that focused on some of the principal arguments for and against the extension of Australia's AML/CTF regime to DNFBPs. Review and consideration of the merits of these arguments was undertaken to support the conclusion that AML/CTF regulation should be extended to DNFBPs, in line with the FATF recommendations. He observed that exemption of many DNFBPs from AML/CTF regulation perpetuates vulnerabilities within Australia's AML/CTF regime will continue to make criminals continue to exploit these vulnerabilities. He observed further that the regulated AML/CTF sector will continue to shoulder an unfair burden of Australia's AML/CTF response; until the issue is addressed.

Newbury (2017) argues that there is need for operators to be provided with evidence of an objective assessment of factors for and against the regulation of DNFBPs in Australia. He contends that such evidence as to the need to have DNFBPs come into compliance with Australia's AML/CTF framework is of value to government policymakers, regulators, financial institutions and DNFBPs. He concludes from the examination of what exists in Australia, there is a reasonable justifications for AML/CTF regulation in the country to include DNFBPs in Australia. The regulation of DNFBPs should be incorporated into Australia's AML/CTF regime.

Somorin, (2018) argues that in response to the trend of money launderers many have now resort to the non-financial sector to conceal their illicit and criminal incomes, as a result of this the FATF released new \Revised Standards in 2012 on DNFBPs. The Revised Standards he contends requires countries to improve AML/CFT measures on DNFBPs. He reiterated that these standards include that DNFBPs be subject to AML/CTF regulations in order to prevent criminal activity. He contends that the Revised FATF Standards of February 2012, are targeted at dealing with risks relating to money laundering, terrorist financing, the financing of the proliferation of weapons of mass destruction and others. Somorin, (2018)

concludes that it is important to see that quite a number of legislative frameworks to combat Money Laundering (ML) and Terrorist Financing (TF) have been developed in several countries around the world. Nigeria should not be left out. He concludes that it is crucial that Nigeria improve on the exiting compliance mechanisms and framework that relates to DNFBPs in the country.

Buno, Emmanuel, & Giwa, (2021) examined DNFBPs from the broader scope of their compliance in the West African sub-region. They argue that DNFBPs are important actors both in the formal and informal sectors owing to the nature of services they offer. The DNFBPs are key players in financial and economic development and thus are highly vulnerable to money laundering (ML) and terrorist financing (TF) risks. Globally, and indeed, within the West African region, typologies studies have indicated several instances of misuse of DNFBPs for the laundering of proceeds of crime and to a lesser extent, TF. They opined that the factors that make DNFBPs vulnerable to ML and TF in the sub-region, include limited understanding of ML/TF risk and anti-money laundering and combating the financing of terrorism (AML/CFT) obligations, and poor implementation of AML/CFT measures by the sector. As reporting institutions, DNFBPs are required to implement appropriate measures to mitigate the ML/TF risk facing them. Mutual evaluation reports (MERs) of countries in the region noted weak implementation of AML/CFT measures by DNFBPs compares to financial institutions. These coupled with the general poor monitoring and supervision of DNFBPs for compliance, make them a weak link in member states' AML/CFT regime.

In the study, Buno, Emmanuel, & Giwa, (2021) found that there is a general lack of information on the exact size of DNFBPs across member states, the risk of ML/TF associated with DNFBPs is generally identified as high across member states, the extent and level of monitoring/supervision of DNFBPs for AML/CFT compliance trails what is obtainable in financial institutions; the institutional and operational frameworks for regulating, supervising and monitoring DNFBPs are either weak or poorly defined in many West African states; and the focus

of AML/CFT technical assistance has been more on financial institutions than DNFBPs.

Historical Account of the Evolution of Anti-Money Laundering Regime in Nigeria

In the early 1980s, there were concern with impact of narcotics and psychotropic drugs on individual and national development; this made the General Assembly of the United Nations (UN) to response to these concerns. The UN General Assembly passed Resolution 37/141 of 14 December, 1984 requesting its Economic and Social Council to ask the UN Commission on Narcotic Drugs to draft a Convention against Illicit Traffic in Narcotic Drugs. Consequently, the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988(Vienna Convention) came to light. The Convention recommended, amongst other things, that each state party should by its domestic laws prohibit:

...the conversion or transfer of property knowing that such property is derived from a drug related offence... for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an offence or offences to evade the legal consequences of his actions (United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, p 6).

States parties were also urged to prohibit:

...the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from drug trafficking or an offence related to it (United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, p7).

The rationale behind these two provisions is easy to deduce. It was reasoned then that if drug trafficking and related offences are going to be controlled, it is important to strike at the motivation for participation in the commission of such crimes: namely, financial enrichment. Also if the funds derived from drug trafficking are not targeted and withdrawn, they would provide funds to be reinvested to grow the illegal business.

Nigeria signed the instrument on March 1, 1989 and ratified it later in the same year on November 1, 1989. The Nigerian government in furtherance established the National Drug Law Enforcement Agency (NDLEA) via Decree 48 of 1989 as the first statute to criminalize some kind of money laundering in Nigeria (Section 3 National Drug Law Enforcement Agency, Decree 48 of 1989 (now Cap N30 LFN 2004). The main focus of the legislation was not to prohibit money laundering but to criminalize trafficking in hard drugs and allied acts. Nonetheless, it criminalized the laundering of proceeds of hard drug related offences as required by the UN Convention.

The Money Laundering Decree of 1995 was the first money laundering-specific statute that was enacted in Nigeria. This was as a result of the fundamental flaw of the NDLEA Decree 48 of 1989. Other economic and financial crimes, for example, human trafficking were escalating and contributing to the growth in the incidence of money laundering. This led the UN to think of another convention to tackle the problem. By the late 1990s, transnational organised crimes had become so prevalent. In 2000, the UN adopted the Convention against Transnational Organized Crimes (Palermo Convention).

The Palermo Convention of 2000 proffered a broader definition of money laundering. The Palermo Convention went beyond making drug trafficking the only predicate offence for the offence of money laundering. It used the broader phrase “the proceeds of crime”. This minor distinction made a lot of difference and as a result, the Convention has been endorsed by the major standard-setting instrument on money laundering. Nigeria signed the Palermo Convention on 13 December, 2000 and ratified it on 28 June, 2001. Upon this, the Money Laundering Decree of 1995 was repealed and replaced by the Money Laundering (Prohibition) Act of 2003. The law was in operation for only ten (10) months before it was again repealed and replaced with the Money Laundering (Prohibition) Act of 2005 (Ige, 2011).

The major legislative development that qualified Nigeria as a country with a body to fight money laundering was the establishment of the Economic

and Financial Crimes Commission (EFCC) in 2003 by the Economic and Financial Crimes Commission (Establishment) Act of 2004. One of the primary functions of the EFCC is to investigate allegations of money laundering according to Section 6(b) of the Economic and Financial Crimes Commission Act 2004. It was to strengthen the EFCC to fulfil its mandate that the 2004 Money Laundering (Prohibition) Act was passed (this has since been repealed with the Money Laundering (Prohibition) Act (2012).

The EFCC is invested with wide powers critical for carrying out this mandate, including the power to place bank accounts under surveillance and carry out other actions designed to assist investigators to identify the owners and locate the proceeds or properties derived from crimes, a power hitherto vested only in the National Drug Law Enforcement Agency. The 2004 Act empowered the EFCC, NDLEA, Central Bank of Nigeria (CBN) and 'other regulating Authorities' to place bank accounts under surveillance as part of measures to facilitate tracing the proceeds of crimes. While Section 20 of the 2003 Act vested the power to inspect books and records of financial institutions in the NDLEA alone, Section 20 of the 2004 Act confers the same power on the EFCC.

Under the 2003 Act, the power to determine the flow of transactions and identify the beneficiaries of individual and corporate accounts was conferred on the NDLEA but by virtue of s.13 of the 2004 Act, the EFCC now has the exclusive authority to exercise this power. Other provisions of the 2004 Act that confer exclusive power on the EFCC are Sections 1 (5) and Sections 5(5) of the EFCC Act 2004. One of the most profound and far reaching innovations contained in the EFCC 2004 Act is the introduction of the term "Designated Financial Institutions". The interpretation section contains a list of the institutions that fall within this class:

Dealers in jewellery, cars and luxury goods, chartered accountants, audit firms, tax consultants, clearing and settling companies, legal practitioners, hoteliers, casinos, super markets or such other businesses as the Federal Ministry of Commerce or appropriate regulatory authorities may from time to time designate (Section 24 of the

2004 Act).

Quite a number of sections make reference to this term. Where found, the provisions impose duties such as keeping of register of transactions and special surveillance on certain transactions.

Framework against ML and TF in Nigeria

According to the Nigeria's National Strategy on AML/CFT there are two frameworks for the combating of AML/CTH in Nigeria and these are: Regulatory and Institutional or enforcement framework:

The Regulatory Framework

This 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).
- e) National Pension Commission (PenCom) and
- f) Corporate Affairs Commission (CAC).

Institutional Framework

This are institutions specifically created to deal with issues around corruption and other irregularities in the Nigerian economic sector. Ever 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, anticorruption 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 all defined predicate offences of money laundering in Nigeria.

Predicate offence is that offence that is committed before the proceeds can be laundered. 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.

Theoretical Framework

The work adopted system's theory as the theoretical framework for explaining this study. According to Alexander & Stanley (1998) the general system theory is a trans-disciplinary conceptual approach. Central to it the concept of a system. A system is simply defined as a group of interacting, interdependent elements that form a complex whole. The talk of systems concepts have been central to the rise of ecology as a field of inquiry, with such concepts as ecosystem. In creativity research the systems approach has also at times been referred to as an ecological approach, because of the emphasis on the larger ecosystem in

which creativity emerges.

According to Demetis, (2010) the systems theory amply describes AML/CTF frameworks across the globe. He opines that the control of money laundering particularly from the standpoint of technology is complex. It is proper to see an integration of technology and people working together to implement rigidly defined standards that deals with the issue of ML and TF. Demetis, (2010) went on to state that the systems theory is tested, not only in terms of viable technology, but also in an actual case study involving real issues in financial institution. Consequently, those concerned with the formulation of policy, the design of controls and procedures and the implementation of such will find the systems theory apt in the AML/CTF ecosystem.

The System theory is adopted for the work due to its applicability and is ideal for adoption in studying the role and effect of the work of SCUML in the Nigerian AML/CTF framework. The EFCC, NFIU, Central Bank of Nigeria, all the commercial banks, the DNFBPs and SCUML which is a Department in the EFCC, all play a collective individualized role in the implementation of Nigeria, AML and CTF regime. Each and every one of the them have their specific role in the system of ensuring that Nigeria complies to the globally accepted standards of dealing with ML and TF. A problem in one of them would result in a problem in the entire ecosystem of dealing with the issue around AML and CTF in Nigeria.

METHODOLOGY

This study is a desk research. The study utilised data from records available in the EFCC Annul Reports on the activities of the Unit from 2005 – 2022. The study also derived its information from publications of government agencies, news reports from newspapers and other information outlets like the internet. Books and other publications that are relevant to the study were consulted and reviewed. Data are presented in Tables. Content analysis of materials is adopted in making deductions and inference in order to draw the conclusion from the study.

RESULTS

This work evaluates the activities of the Unit on the following areas: Registration of DNFBPs; Sensitization for DNFBPs; Rendation of Currency Transaction Reports (CTRS) from DNFBPs; Supervision and Site Examinations of DNFBPs in 2022; Sensitization for DNFBPs; Rendation of Currency Transaction Reports (CTRS) from DNFBPs and Support for Law Enforcement

Agencies. I shall present data on activities of the Unit from inception till 2022, but shall analyses in detail data from 2018 – 2022. This is because the NFIU was removed from the EFCC in the year 2018, so, the activities of the Unit was intensified by the EFCC from that year. Table 1 is a summary of the Record of SCUML from 2005 till 2017:

Table1: Registration of DNFBP by SCUML from 2005-2017

Year	Registered DNFBPs	Currency Transaction Reported by DNFBPs
2005 and 2006	58	10685
2007	205	2704
2008	19	3912
2009	162	9,637
2010	193	9,352
2011	181	9,409
2012	1042	65,423
2013	16447	84,545
2014	8603	94,041
2015	5,235	93,349
2016	6,531	158,398
2017	10,185	387,935

Source: Researched Material (2024)

Analysis of the Activities of SCUML from 2018 - 2022

Registration of DNFBPs

In line with Section 6 of the Money Laundering (Prevention and Prohibition) Act, 2022 and Regulation 5 of the Economic and Financial Crimes Commission (Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction for Designation of Non-Financial Businesses and Professions, and Other Related Matters) Regulation, 2022, SCUML has the mandate to register and certify all DNFBPs in Nigeria in accordance with the provisions of laws and regulations. The registration is processed online via the SCUML website.

Within the period of 2018 - 2022 SCUML registered a total number of 36,206 DNFBPs. A breakdown of the total number registered as DNFBPs are: one hundred and thirty three (133) Audit Firms, two thousand eight hundred and fifty eight (2,858) Car

Dealers, two hundred and fifty four (254) Chartered Accountants, one hundred and twenty seven (127) Clearing and Forwarding Companies, seven thousand nine hundred and two (7,902) Construction Companies, two thousand eight hundred and ninety four (2,894) Consulting Companies, three hundred and seventy nine (379) Jewellery Dealers, five thousand nine hundred and forty three (5,943) dealers in Real Estate, three hundred and sixty two (362) Estate Surveyors and Valuers, two thousand four hundred and forty six (2,446) Hotels and Hospitality Companies, two hundred and ninety three (293) Legal Practitioners, four thousand and fifteen (4,015) Mechanized Farmers, thirty four (34) Mortgage Brokers, six thousand two hundred and seventy (6,270) Non-Profit Organizations, forty nine (49) Pool Betting Companies, two hundred and forty four (244) dealers in Precious Stones and Metals, one thousand three hundred and sixty six (1,366) Supermarkets, one fifty four (454) Trust and Company Service Providers. Table 2 below provides a detailed breakdown of the number of

DNFBPs registered by SCUML from 1st January to 31st December, 2022. The table also provides statistics of registration of DNFBPs from 2018 to 2022, a 5-year series.

Table 2: DNFBPs Registration from 2018-2022

S/N	SECTOR	2018	2019	2020	2021	2022	TOTAL
1.	Audit Firms	56	56	64	149	133	458
2.	Car Dealers	488	3,367	1,255	2,547	2,858	10,515
3.	Chartered Accountants	86	79	162	308	254	889
4.	Clearing & Settlement	43	47	87	157	127	461
5.	Construction Companies	3,039	3,271	3,476	8,390	7,902	26,078
6.	Consultants & Consult.	370	524	1,060	2,957	2,894	7,805
7.	Dealers in Jewelleries	82	122	204	337	379	1,124
8.	Dealers in Real Estate	1,509	1,187	1,900	5,107	5,943	15,646
9.	Estate Surveyor & Valuers	131	152	157	354	362	1,156
10.	Hotels & Hospitality	794	869	1,157	2,515	2,446	7,781
11.	Legal Practitioners	9	35	169	289	293	795
12.	Mechanized Farming	789	1,180	1,962	4,233	4,015	12,179
13.	Mortgage Brokers	7	6	7	18	34	72
14.	Non-Profit Organisations (NPOs)	3,433	3,203	3,597	6,756	6,270	23,259
15.	Pool Betting Casinos & Lottery	54	39	44	60	49	246
16.	Precious Stones/ Materials	434	119	84	221	244	1,102
17.	Supermarkets	267	309	698	1,442	1,366	4,082
18.	Tax Consultants	28	37	30	110	183	388
19.	Trust and Company Service	41	59	161	335	454	1,050
	Grand Total	11,660	14,661	16,274	36,285	36,206	115,086

Source: SCUML Annual Report Records 2022

The total number of registered DNFBPs for the period 2018 - 2022 is 115,086. According to the annual report of SCUML as seen from the Table, the figures above show that there is a steady annual increase in the number of registrations. Between 2018 – 2019, there was an increase of 20%. For the period 2019 to 2020, there was an increase of 11%. From 2020 – 2021, there was increase of 13% for the period 2020 to 2021. There was however a decrease of 0.02% for the period 2021 to 2022. The decrease of registration in 2022 is attributable to the period of migration from the old registration platform to the new one. The system had a software update for that period. Aside the minor decrease in 2022, the registration based on statistics over the years has been progressively steady. SCUML

enjoins a robust collaboration amongst critical stakeholders in the AML/CFT/CPF regime in Nigeria. There is also an effective regulatory oversight of the Central Bank over Financial Institutions on the requirement of evidence of SCUML registration before DNFBPs enjoy banking services.

Sensitization for DNFBPs

It is mandatory for at least a director of a DNFBP or a trustee of a Non-Profit Organisation (NPO) to attend a sensitization class before SCUML Certificate of Registration is issued to an entity. Only current directors of companies or trustees of an NPO that are verified are issued with SCUML Certificates of Registration. In 2022, SCUML sensitized a total number of 33,412 DNFBPs on

their obligations and liabilities under the relevant AML/CFT/CPF laws and regulations. Table 3 shows various sub sectors of the DNFBPs sensitized from 2019 to 2022.

Table 3: DNFBPs Sensitization from 2019 to 2022

S/N	Sensitized DNFBPs	2019	2020	2021	2022
1	Construction Company	3,334	1,267	6,199	7,122
2	Consultants and Consulting Company	529	808	6,444	2,971
3	Dealers in Jewelleries and Luxury	123	110	365	449
4	Dealers in Real Estate	1,199	1,329	3,029	5,739
5	Estate Surveyor & Valuers	153	111	239	323
6	Hotels & Hospitality	929	701	1,248	2,170
7	Legal Practitioners	35	103	165	146
8	Mechanized Farming	1,186	1,397	2,522	2,855
9	Mortgage Brokers	6	14	4	17
10	NPOs	3,257	2,720	4,036	6,281
11	Pool, Betting, Lottery and Casinos	42	28	24	80
12	Precious Stones & Metals	120	74	142	319
13	Supermarkets	330	421	770	1,618
14	Tax Consultants	37	37	77	155
15	Trust and Company Services	61	89	146	485
16	Cars & Vehicles	672	668	1,293	2,095
17	Chartered Accountants	109	86	142	259
18	Clearing and Settlement	48	54	97	191
19	Audit Firm	56	56	99	137
	TOTAL	12,226	10,073	27,041	33,412

Source: SCUML Annual Report Records 2022

The above-mentioned figure of 33,412 shows that there was an increase of 6,371 (that is 24%) when compared with the 27,041 DNFBPs sensitized in 2021. This is attributed to more DNFBPs signing up to the registration. The need for registration by DNFBs became necessary as many accounts were suspended that failed to comply with government directive on SCUML registration.

Rendation of Currency Transaction Reports (CTRS) from DNFBPs

Sections 6 and 11 of the Money Laundering (Prevention and Prohibition) Act, 2022 made it mandatory for DNFBPs to file CTRs to SCUML within seven (7) days of transaction. From 1st January to 31st December, 2022 SCUML received a total of 198,672 CTRs from 3,836 DNFBPs spread among the various sectors of the DNFBPs. In addition, SCUML also received 3,072 nil reports. The CTRs received are from 2020 – 2022 are presented in Table 4.

Table 4: CTRs Reporting of DNFBPs from 2020 to 2022

SECTOR	2020	2021	2022
Car Dealers	2,645	2,998	2,370
Hotels & Hospitality	903	2,519	3,435
Supermarkets	756	607	2,412
Casinos/Online Casinos/Pool Betting/Lottery	5,891	2,408	2,914
Dealers in Mechanized Farming Equipment & Machineries	166	285	625
Non-Profit Organizations	4,463	5,183	16,513
Jewellery/Precious Stones & Metal & Luxury Goods	1,942	241	116
Accounting Firms/Audit Firms/Tax Consultants	3,830	2,286	2,585
Dealers in Real Estate/Estate Developers /Agents/Brokers & Construction Companies	38,159	40,569	20,311
Consultants and Consulting companies	-	-	147,391
TOTAL	58,755	57,096	198,672

Source: SCUML Annual Report Records 2022

The total number of CTRs received in 2022 is 198,672 when compared to the 57,096 CTRs received in 2021, it showed an increase of 141,576 CTRs, that is 248% increase. The increase was attributed to an intensified compliance examination of DNFBPs and the aggressive public awareness and sensitization programmes embarked by SCUML.

Supervision and Site Examinations of DNFBPs in 2022

In line with the mandate of SCUML, the Unit is saddled with the responsibility of ensuring full compliance of the DNFBPs with relevant provisions of the AML/CFT/CPF laws and regulations in Nigeria. Consequently, SCUML conducted off-site and on-site examinations on a risk sensitive basis and applied Risk Based Approach (RBA) in regulating, supervising and monitoring the DNFBPs in the country.

Off-Site Examination: Off-site examination is usually conducted on all registered DNFBPs before conducting on-site examinations. This off-site examination is also supported by risk assessment using the International Monetary Fund (IMF) Risk Matrix. This approach examines the risk factors of customers, geographical location, product/services and delivery channel. The off-site examination is also a combination of media reports, open source and internal information received on DNFBPs. In the year 2022 a total of 5,172 off-site examinations were conducted across various DNFBP subsectors. The off-site examination is a prerequisite for the conduct of on-site examination.

On-Site Examination: In 2022, SCUML conducted a total of 1,500 on-site examinations from the 5,172 off-site (that is approximately 29%) applying Risk Based Approach to the examinations carried out on

the DNFBPs. In addition, SCUML uses the opportunity of on-site examination to create awareness of its activities amongst the DNFBPs. The record of the examination portrayed increasing focus on the high risk subsectors identified in the National Inherent Risk Assessment, 2022. The subsectors include Real Estate, Casinos, Dealers in Precious Metals and Stones, Trust and Companies Service Providers,

and the Car Dealership. As part of its effort to focus on the FATF designated DNFBPs in 2022, the Compliance and Enforcement Department limited its compliance visits to the Non FATF designated DNFBPs such as hotels, mechanized farming, consultants and consulting etc., A detailed breakdown of the various DNFBPs sub-sector visited by SCUML in 2022 is illustrated in Table 5

Table 5: Examination of DNFBPs from 2018 to 2022

S/N	DNFI SUB SECTORS	2018	2019	2020	2021	2022
1.	Hotels & hospitality	300	228	178	338	299
2.	Car dealers & vehicles	165	183	69	235	303
3.	Construction companies	-	-	42	138	278
4.	NPOs	126	67	38	110	121
5.	Real estate/estate surveyors	285	245	31	172	254
6.	Supermarkets	-	-	34	49	73
7.	Casino/lottery	-	-	3	2	10
8.	Mechanized farming	-	19	1	17	52
9.	Dealers in jewellery, precious stones & metal	-	-	-	71	56
10.	Consultants and consulting companies	-	-	-	16	37
11.	Chartered accountants, audit firms & tax consultants	76	39	-	22	7
12.	Clearing and settlement	-	-	-	4	8
13.	Trust and company service providers	-	-	-	1	0
14.	Legal practitioners	-	-	-	-	2
	TOTAL	952	781	396	1,175	1,500

Source: SCUML Annual Report Records 2022

The number of DNFBPs examined in 2022 is 1,500 showing an increase of 325 (28%) when compared with 1,175 DNFBPs examined in 2021. The increase was attributed to the premium the

Commission placed on inspections particularly with increased vigour in 2022. Summary of the on-site examination activities in the year 2022 is presented in Table 6 below.

Table 6: Summary Statistics of On-site Examination

S/N	SUBJECT	NUMBER
1	DNFBPs Examined	1,500
2	DNFBPs Trained/sensitised	1,922
3	Non-compliant DNFBPs sent to EFCC for further investigation	145
4	On-going case Money Laundering cases in court	3
5	Forged SCUML certificates cases forwarded to EFCC	42
6	Conviction of DNFBPs on Money Laundering cases	18

Source: SCUML Annual Report Records 2022

Compliance Gaps and Challenges of SCUML On- Site Visit of DNFBPs in 2022

Despite the volume of CTRs filed from the sector and the volume of real estate seized and forfeited in criminal prosecutions by the EFCC, the Suspicious Transaction Reports (STRs) filing from the sector remained non-existent. This was a testimony to weak STRs monitoring, detection and reporting system among the sector operators as well as lack of proper and regular AML/CFT/CPF training. Factors such as very high exposure to activities of unlicensed operators, poor AML/CFT controls, poor understanding of compliance obligations, high exposure to Politically Exposed Persons (PEPs) etc. equally remained a challenge.

SCUML intensified engagement with the various SROs and Trade Associations various sectors of the DNFBPs sphere. For example the estate development sub-sector of the building industry, which attracted major investment and is vulnerable to activities of unlicensed operators. Several meetings were held with Real Estate Development Association of Nigeria (REDAN) to improve compliance to SCUML regulations. To curtail the operation of unlicensed operators in the sector, SCUML ensured that only qualified

professionals could obtain its registration certificate. SCUML also carried out risk profiling of major construction companies in Nigeria 2022. The report is yet to be finalised. This profiling has helped in the enhancement of targeted and risk based supervision of the sector.

As it relates to car dealership in Nigeria, feedbacks were written to car dealers visited during the on-site examination exercise on the observations during the visits and the need for them to take urgent remedial action to avoid been sanctioned.

Support for Law Enforcement Agencies

In the year 2022, SCUML provided information and analysis to support investigation on 2,091 entities, out of which 2,074 reports were from the EFCC. Furthermore, SCUML received requests for information on some DNFBPs from Law Enforcement Agencies. SCUML also requested for information on DNFBPs from other agencies and their activities. Table 7 below gives the breakdown of the agencies that SCUML exchanged information with in 2022.

Table 7: Information Exchanged in 2022

ORGANIZATION	NO. OF INFO REQUESTS FROM OTHER AGENCIES	NO. OF ENTITIES INVOLVED
EFCC	422	2,074
NPF	1	1
NDLEA	1	6
TOTAL	424	2,081

Source: SCUML Annual Report Records 2022

DISCUSSION OF FINDINGS

While SCUML has made several strides especially in the area of compliance with companies registering with it before they can operate corporate accounts, there are still a number of issues to be addressed. Unlike most countries in the West African sub-region GIABA in its Mutual Evaluation Report Nigeria of August 2021 states that SCUML has a general understanding of

Nigeria's and sectoral ML/TF risks. However, SCUML lacks resources to supervise DNFBPs due to the composition and size of the sector.

Self-regulatory bodies for DNFBPs on the other hand have a low understanding of ML/TF risks and the AML/CFT obligations of the businesses and professions in their sectors. SCUML has meted out limited sanctions on DNFBPs for non-compliance with AML/CFT requirements. Lawyers are not subject to AML/CFT obligations due to a 2017

Court of Appeal judicial decision currently on appeal at the Supreme Court. Internet casinos exist in Nigeria, but are neither covered by AML/CFT requirements nor supervised for such purposes. The Report state further that a large number of unregistered/unlicensed dealers in precious metal and stones (DPMS) and car dealers, both designated as DNFBPs, are operating in Nigeria.

SCUML is one of the Competent Authorities (CAs) that reporting bodies are send report to in terms of compliance with Nigeria's AML/CFT/CPF regime. There are quite a number of DNFBPs in Nigeria that are regarded as SROs, SCUML does not have control over such bodies and a good number of DNFBPs falls under this category. SROs includes such as the Nigerian Bar Association, Institute of Chartered Accountants of Nigeria, Association of National Accountants of Nigeria, Chartered Institute of Taxation of Nigeria, Hotel Owners Association of Nigeria, NGO networks and coalitions, etc. There is still a problem with the power of SCUML to regulate the activities of Nigeria Bar Association (NBA) for instance.

The NBA has taken the Federal Government to court on the move by SCUML to ensure that they file records of monies they collect from clients. This would be achieved if the comply with the directives that financial institutions, including banks, must "obtain evidence of registration" of DNFBPs with SCUML "prior to establishing business relationships" with such DNFBPs. The first court and Court of Appeal ruled in favour of the NBA arguing that NBA is a constitutional recognised body and since the 1999 constitution did mandate them to register law firms with SCUML, they will not do so from the point of law. This is serious problem to quest to monitor the finances of law firms. The EFCC through collaboration with the NFIU is able to get the financial records of any person who is a subject of investigation.

As one of the Competent Authorities in Nigeria's AML/CFT/CPF, the Unit is supposed to provide information to all law enforcement agencies as the NFIU does. In the year 2022, SCUML provided information and analysis to support investigation on 2,091 entities, out of which 2,074 reports were from the EFCC. Furthermore, SCUML received

requests for information on some DNFBPs from Law Enforcement Agencies. SCUML also requested for information on DNFBPs from other agencies and their activities. 422 came from the EFCC. There is need for other law enforcement agencies to enjoy the information provided by SCUML for their investigation should they need such as well.

Several DNFBPs in Nigeria are registered with SCUML; registration with the Unit is a requirement all banks demand before opening an account for any company or organisation. The challenge largely is that most SROs only report to the Unit what they wish to, the Unit till now without the help of the EFCC and the NFIU does not have the capacity to independently know the true position of these DNFBPs. As stated from the onset SCUML under the Money Laundering (Prevention and Prohibition) Act, 2022 is now a Department under the EFCC. The EFCC is a law enforcement agencies and it role is to enforce Nigeria's AML/CFT/CPF is to investigate infractions and prosecute same. SCUML is a regulatory body that seeks to get DNFBPs comply with the regulations on Nigeria's AML/CFT/CPF.

It is clear from the number of staff and coverage of SCUML that the Unit should have more office across Nigeria. There is a need for the Unit to have office in all states in Nigeria if it is to play more effective role in regulating the activities of DNFBPs which are scatter across Nigeria. The staff strength of the Unit need to be increased as well for the task it is saddled with.

CONCLUSION

It is important to say that there is no official figure as to the total number of DNFBPs in Nigeria. The number we have is based on those who have registered with SCUML. This implies that SCUML is the officially recognized body that provides the number of DNFBPs in Nigeria. SCUML has indeed brought DNFBPs in Nigeria to comply with the need to register with it before they can have accounts with banks and other financial institutions and comply with the relevant sections of the Money Laundering Prohibition and Prevention Act (2022) on reporting transactions, doing due diligence on customers and keeping proper record of clients. From the records of registration of DNFBPs it is evidently clear that the Unit has achieved a major

milestone in the quest to have a register of DNFBPs in Nigeria. This is a first step in FATF Recommendation 23 that requires Competent Authorities to have DNFBPs have a register to have vital details about customers that patronize them.

This is an aspect of FATF Recommendation 23 on Know Your Customers (KYC). SCUML is to ensure that all DNFBPs in Nigeria carry out due diligence in their all their transactions with all customers. This the Unit is able to achieve through it on the site visits to DNFBPs. This is to ensure that all DNFBPs keep a record of all Cash Based Transactions (CBTRs) with the address of persons that made such transactions. Failure for the DNFBPs to do this is a violation of the extant law. In this regards, the Unit has done creditably well, however, bringing DNFBPs into full compliance of Nigeria's AML/CFT/CPF required a lot to be done. This is a major component of developing a Beneficiary Ownership Register for Nigeria which is a global requirement that shows that a country is serious about fighting economic and financial crimes and serious organised crimes.

It would interest the readers to know that SCUML in 2023 published it National Risk Assessment for Non-Profit Organisation in Nigeria: National Terrorist Financing: NPO Risk Assessment of Non-Profit Organisations Sector in Nigeria. The Risk Assessment is in compliance with Terrorist Financing Risk Assessment Guidance (FATF, 2019) and brought Nigeria in compliance with Requirements of FATF Recommendation 8 1 (a-c) which states:

Recommendation 8 (1a): Identify which subset of organizations fall within the FATF definition of NPO. Identify the features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse.

Recommendation 8 (1b): Identify the nature of threats posed by terrorist entities to the NPOs which are at risk as well as how terrorist actors abuse those NPOs.

Recommendation 8 (1b): Identify and take effective action against NPOs that either are exploited by, or actively support, terrorists or terrorist organisations should aim to prevent and

prosecute, as appropriate, terrorist financing and other forms of terrorist support (FATF Best Practice Paper on Combating the Abuse of Non-Profit Organisations (Recommendation 8, pp.7-8).

By conducting the National Terrorism Financing Risk Assessment of the Non-Profit Organizations (NPOs) in Nigeria, the country achieved an important milestone. The report makes the monitoring and supervision of "At-Risk NPOs" easier, and as such is step in countering terrorism financing by NPOs in Nigeria.

Recommendations

Based on the findings and conclusion drawn from the work, it recommended that:

1. For effective functioning, SCUML should be made an independent Unit just as the Nigerian Financial Intelligence Unit (NFIU) was removed from the EFCC in 2018. This would make the Unit contribute more as it is the case with the NFIU.
2. In order to have SCUML become an independent body, the Money Laundering (Prevention and Prohibition) Act, 2022 needs to be amended.

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