



NIGERIA REMOVED FROM FATF GREY LIST: IMPLICATIONS FOR NIGERIA'S FINANCIAL AND BUSINESS ECOSYSTEMS

NOVEMBER 2025

Introduction

The Financial Action Task Force (the "FATF") is an inter-governmental body that develops and promotes 40 recommendations that serve as the fundamental framework for combating money laundering, terrorist financing, and related financial crimes in the global financial system. It evaluates the implementation of these recommendations and monitors the progress of countries found to have deficiencies in their Anti-Money Laundering ("AML") and counter-terrorist financing ("CTF") systems.

The FATF maintains two public lists known as the "Blacklist"^[1] and the "Grey list".^[2] The Blacklist is a list of countries that have serious strategic deficiencies in their AML and CTF regimes. Countries on the blacklist are currently the Democratic Republic of Korea, Iran, and Myanmar.

On the other hand, the Grey list identifies countries that have strategic deficiencies in their AML/CTF regimes but have committed with FATF to resolve the identified deficiencies within an agreed timeframe through FAFT-monitored action plans. Examples of countries on the grey list are Algeria, Cameroon, Kenya, Monaco, Nepal, Syria, Vietnam, among others.

On 24th February 2023, FATF placed Nigeria on the Grey list. Nigeria's inclusion on the list generated widespread concerns among regulators, investors, and global financial partners, as it signaled vulnerabilities in Nigeria's financial oversight and governance systems. However, recently, on 24th October 2025, the FATF announced that Nigeria had been officially removed from its Grey list. This decision is a welcome development, and it underscores the efforts by Nigerian authorities and financial institutions to strengthen the country's compliance framework against illicit financial flows. It also reflects both substantial progress in regulatory reforms and renewed international confidence in Nigeria's financial system.

Nigeria's Inclusion on the FATF Grey List: Context and Consequences

Nigeria's initial placement on the Grey list was essentially due to gaps identified by FATF in Nigeria's AML/CTF frameworks, Nigeria's lack of robust supervision of financial institutions and non-financial businesses, poor enforcement of targeted financial sanctions, weak investigations and prosecutions of financial crimes, and weak transparency around beneficial ownership of companies; which are all regarded as strategic deficiencies by the FATF. By the inclusion, Nigeria joined a group of nations that, while not subject to sanctions, were deemed to be high-risk in global financial transactions

[1] The Blacklist is formally known as High-Risk Jurisdictions subject to a call for Action

[2] The grey list is formally known as Jurisdictions under increased monitoring

The implications of placing Nigeria on the grey list were far-reaching and profound, some of which are:

1. Reputational Risks and International Scrutiny

Grey-listing put a reputational dent on Nigeria's financial systems. It signaled to international bodies, investors, and institutions that Nigeria's financial systems required stringent vigilance and scrutiny. So, international financial institutions were compelled to apply stricter/enhanced due diligence when dealing with Nigerian counterparties. This increased compliance burden affected cross-border trade, correspondent banking relationships, and foreign investment flows.

Banks and multinational corporations operating in or with Nigeria had to navigate more stringent verification processes, often leading to transaction delays and higher compliance costs.

2. Strained Correspondent Banking Relationships

One of the most immediate consequences was the potential erosion of correspondent banking relationships, which are critical conduits for international trade and remittances in this global age. Some global banks reduced or restricted their exposure to Nigerian institutions to mitigate risk. This had a ripple effect on trade finance, import/export operations, and foreign currency liquidity.

3. Economic and Regulatory Implications

Being on the grey list also posed challenges for Nigeria's efforts to stabilize its currency and stimulate foreign direct investment (FDI). The perception of higher risk contributed to tighter credit conditions and a premium on Nigeria-linked transactions.

Aside from these, from a regulatory standpoint, Nigeria faced increased reporting obligations and FATF monitoring. The Nigeria's Financial Intelligence Unit (NFIU), Central Bank of Nigeria (CBN), and Economic and Financial Crimes Commission (EFCC) were required to demonstrate tangible progress on enforcement and compliance with the FAFT action plan.

Delisting of Nigeria: Reform and Compliance

Nigeria undertook significant and robust multi-dimensional reforms to the satisfaction of the FAFT, which culminated in its delisting.

The reforms undertaken by Nigeria spanned legal, institutional, and operational dimensions:

- **Legislative Reforms:** Adoption of the Money Laundering (Prevention and Prohibition) Act 2022 and the Terrorism (Prevention and Prohibition) Act 2022 enhanced the legal mechanism for asset recovery, beneficial ownership disclosure, and the freezing of terrorist assets in Nigeria. These laws also align Nigerian laws with the FATF recommendations.
- **Institutional Strengthening:** The NFIU improved coordination with law enforcement agencies, while supervisory bodies such as the CBN and the Securities and Exchange Commission (SEC) tightened oversight of financial and designated non-financial institutions (DNFIs). Also, the Nigerian Police Force took some significant initiatives, such as establishing specialized units like the Special Anti-Fraud Unit (SFU), the National Cybercrime Centre, and the Anti-Money Laundering Unit. According to the Nigeria Police Force, these initiatives aim to enhance Nigeria's compliance with international standards and facilitate the country's removal from the FATF grey list.^[3]
- **Enforcement and Prosecution:** Nigeria increased the number of successful prosecutions for financial crimes, enhanced asset tracing mechanisms, and improved feedback loops between regulators and reporting entities. For instance, in 2024, the EFCC secured a historic 4,111 convictions, the highest conviction ever recorded in a year by the Commission. In the same year, EFCC also recovered about N364.6billion, together with significant recoveries in foreign currencies, including \$214.5million, £54,318.64, €31,265.00.^[4]
- **International Cooperation:** Nigeria also demonstrated improved collaboration with foreign counterparts, aligning with FATF's global standards on information sharing and cross-border investigations.

These reforms collectively satisfied the FATF's technical compliance and effectiveness criteria, paving the way for Nigeria's delisting.

Implications of Nigeria's Removal from the FATF Grey List

The removal of Nigeria from the FAFT grey list carries attendant positive implications for Nigeria's financial and business ecosystems. These implications include:

1. Restoration of International Confidence

Nigeria's delisting from the grey list affirms that the country's AML/CTF frameworks now meet international standards. This would restore international confidence in Nigeria's financial market and consequently improve investors' confidence in Nigeria's financial and business ecosystems.

[3] [NPF | Home](#)

[4] [Crackdown on economic, financial crimes: EFCC's landmark cases, recoveries](#)

2. Easier Cross-Border Transactions

Delisting Nigeria from the grey list would reduce the stringent due diligence measures required by foreign banks and financial institutions. This can streamline correspondent banking operations, improve liquidity in the foreign exchange market, and facilitate smoother trade financing.

Businesses and clients engaged in international trade, payments, or remittances should expect a reduction in friction and faster processing times.

3. Strengthened Legal and Regulatory Credibility

The reforms that led to Nigeria's delisting have also reinforced the credibility of Nigeria's legal and regulatory frameworks.

Nigeria's AML and CTF regime was often criticised for regulatory fragmentation and limited enforcement capacity. Particularly, Nigeria's AMA/CTF regime does not adequately cover designated non-financial businesses and professions (DNFBPs) such as lawyers, accountants, and real-estate practitioners. However, the Money Laundering (Prevention and Prohibition) Act, 2022 and the Terrorism (Prevention and Prohibition) Act, 2022, have now extended AML/CTF compliance duties beyond the banking sector to include DNFBPs. This is to ensure that every professional channel susceptible to illicit financial flows is also monitored. This compliance culture is also demonstrated in the Nigerian Bar Association's (NBA) proactive role in integrating the legal profession into the national AML/CFT framework.^[5] There is now the NBA Anti-Money Laundering Committee (NBA-AMLC), which is taking measures to ensure legal practitioners adhere to stringent anti-money laundering measures and actively participate in efforts to combat the financing of terrorism. By building a coherent AML/CFT ecosystem that integrates financial institutions, professional bodies, and regulatory agencies, Nigeria has signaled to the global community that its legal system can uphold the integrity required for cross-border finance and investment.

4. Boost to Economic Growth and the Naira

Delisting Nigeria would improve investors' sentiment in Nigeria, which has the following attendant implications: increased capital inflows, stabilization of the naira, and enhancement of Nigeria's access to multilateral funding. Delisting may also lower borrowing costs for the government and private sector, as the perception of AML/CTF risk diminishes.

Need for Nigeria's Continued Vigilance

While Nigeria's delisting is a positive milestone for Nigeria, it is not an endpoint. FATF delisting does not exempt Nigeria from ongoing monitoring by the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) or other regional bodies. Sustained enforcement, institutional integrity, and political commitment are crucial to prevent relapse.

^[5] [gnlp.pdf](#)

Both public and private institutions should not see this merely as a regulatory success, but also as a call and opportunity to align with global best practices in transparency and corporate governance, thereby bolstering investors' confidence in Nigeria.

Common Steps that can be taken by businesses in Nigeria to sustain this momentum and stay competitive globally are:

Compliance with Ultimate Beneficial Owner Disclosure Rules prescribed by CAMA 2020, SEC and CBN Regulations.

The CAMA 2020, the SEC and CBN Regulations have various defined beneficial ownership disclosure requirements. Companies should continuously ensure strict adherence to these requirements to keep strengthening transparency in Nigeria's financial ecosystem and avoid relapse.

For instance, CAMA 2020 requires companies to identify and disclose every person with significant control over a company. A "person with significant control" includes anyone holding at least 5% of shares, interests or voting rights, or who exercises significant influence over a company. Thus, the holder of 5% control over a company must inform the company in writing within seven (7) days, and in the case of a public company, within 14 days. The company must then notify the Corporate Affairs Commission within one month. [\[TA1\]](#) [\[6\]](#)

So, corporate bodies and financial institutions should strictly and continuously adhere to these beneficial owner disclosure mechanisms in the Nigerian AML/CTF regime.

Embed sustainability principles in business and operations to ensure that the business is not subject to any regulatory and financial risk.

Companies need to integrate sustainability standards that can withstand regulatory scrutiny and market shocks. Compliance culture should be institutionalized in the company such that adherence to AML and CTF principles should not just be seen as a mere regulatory box to be ticked. Business entities should also prioritize staff capacity training and awareness on compliance with the AML and CTF frameworks. All these will help guide against incidences of regulatory and financial risks, while also consolidating Nigeria's financial AML and CTF compliance efforts.

Strengthening corporate governance practices in line with global and sector-specific corporate governance codes and standards.

Nigerian companies should: (1) have robust corporate governance practices that align with global and sector-specific corporate governance practices (2) integrate/ implement the principles highlighted in the Nigerian Code of Corporate Governance (NCCG) 2018 and applicable sector-specific governance codes issued by regulators (such as CBN, SEC, NAICOM, etc.)

[\[6\]](#) Section 119 of the CAMA 2020

(3) ensure their governance structures promote transparency, integrity, and ethical leadership.

These measures would significantly help Nigeria in maintaining this momentum and further improve Nigeria's credibility as a safe destination for financial transactions and commercial relationships.

Conclusion

Nigeria's removal from the FATF grey list is both a commendable achievement and a call to sustained vigilance. It underscores coordinated efforts by regulators, law enforcement agencies, and financial institutions to strengthen the integrity of Nigeria's financial system.

It is envisaged that this development would bolster investors' confidence in Nigeria; also, Nigeria's financial system would now face minimized friction/bottlenecks in international transactions. It is hoped that the government and regulators would not relapse but would continue working strategically for improved transparency in Nigeria's financial system.



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