



2022



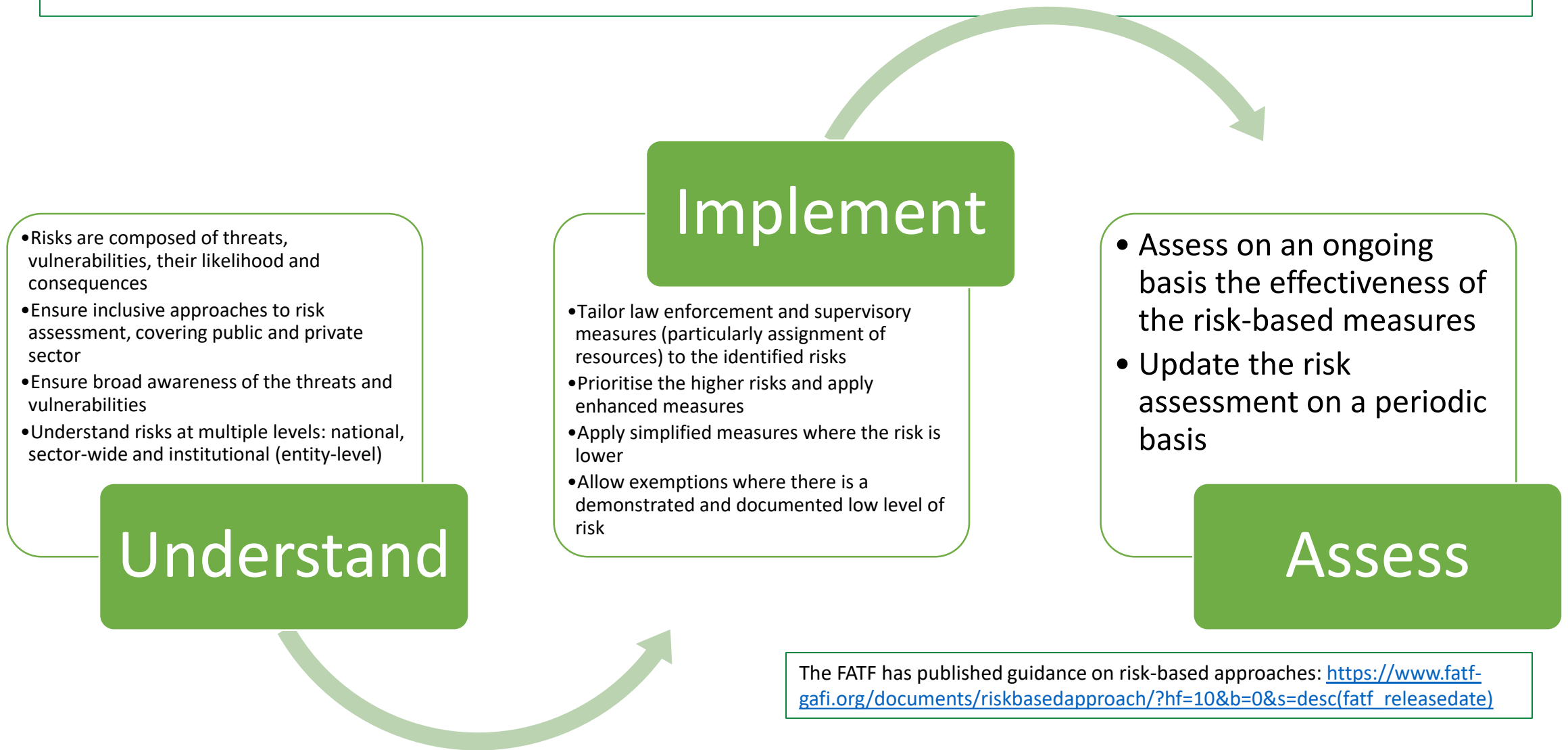
2022 National AML/CFT/CPF Inherent Risk Assessment



Background

- Nigeria's 1st National Risk Assessment published in 2016
- 2nd Round AML/CFT Mutual Evaluation of Nigeria in 2019 and Report (MER) published in 2021
- MER noted deficiencies in Nigeria's understanding of risk and application of counter-measures
- Priority Action includes updating the National Risk Assessment and the AML/CFT National Strategy
- Risk Understanding and the Risk Based Approach are fundamental elements of National AML/CFT frameworks

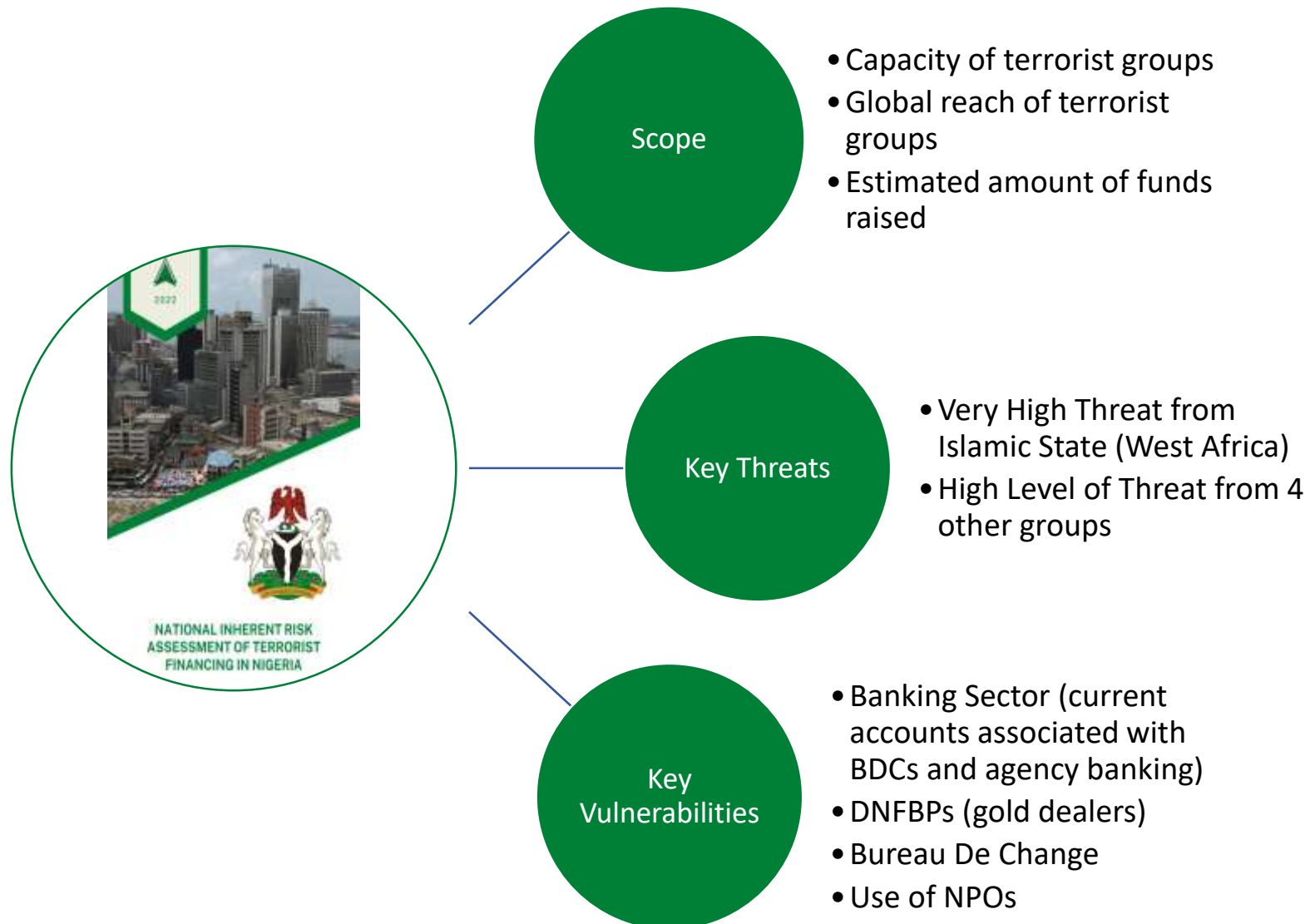
FATF and the Risk Based Approach



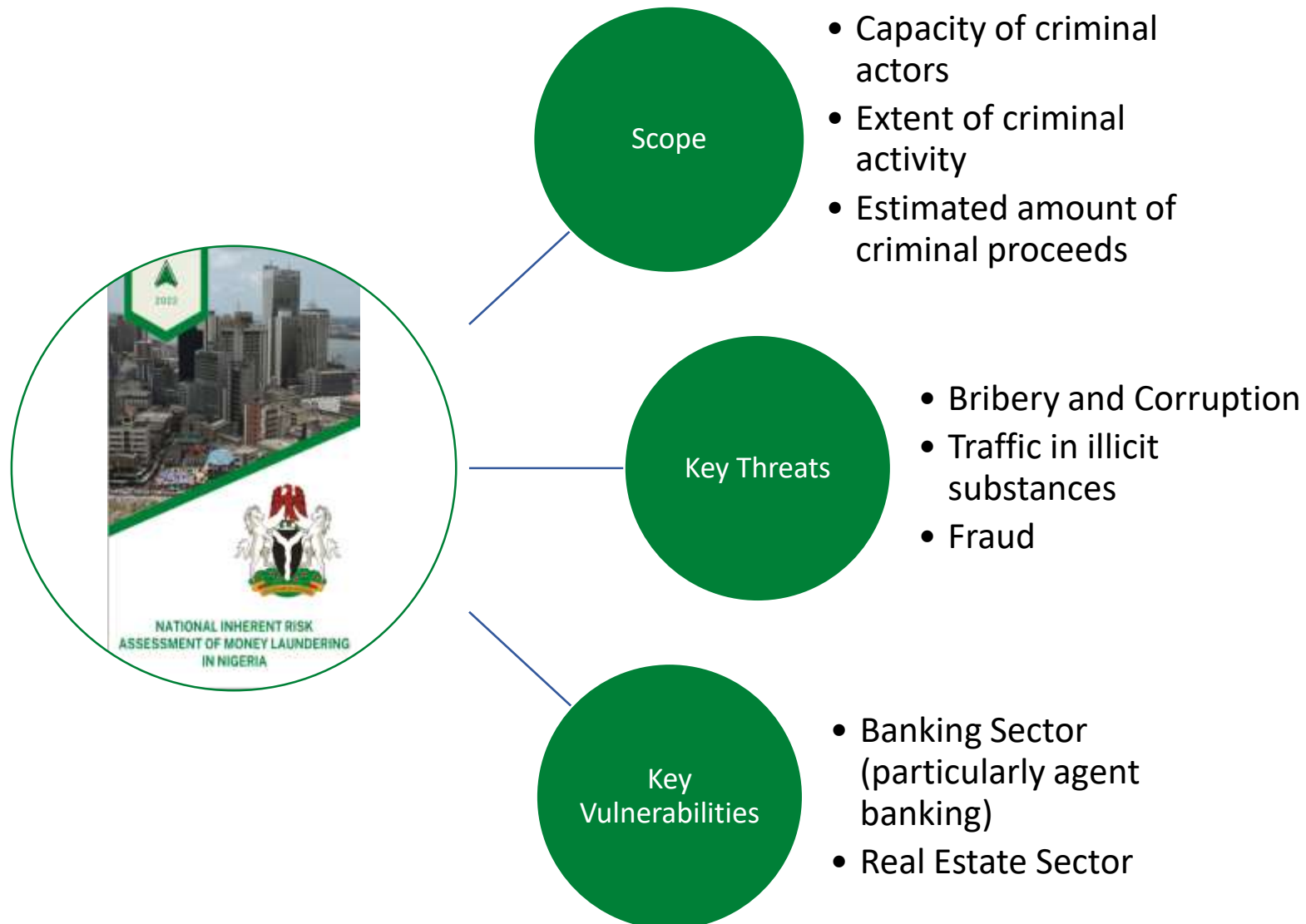
2022 NIRA



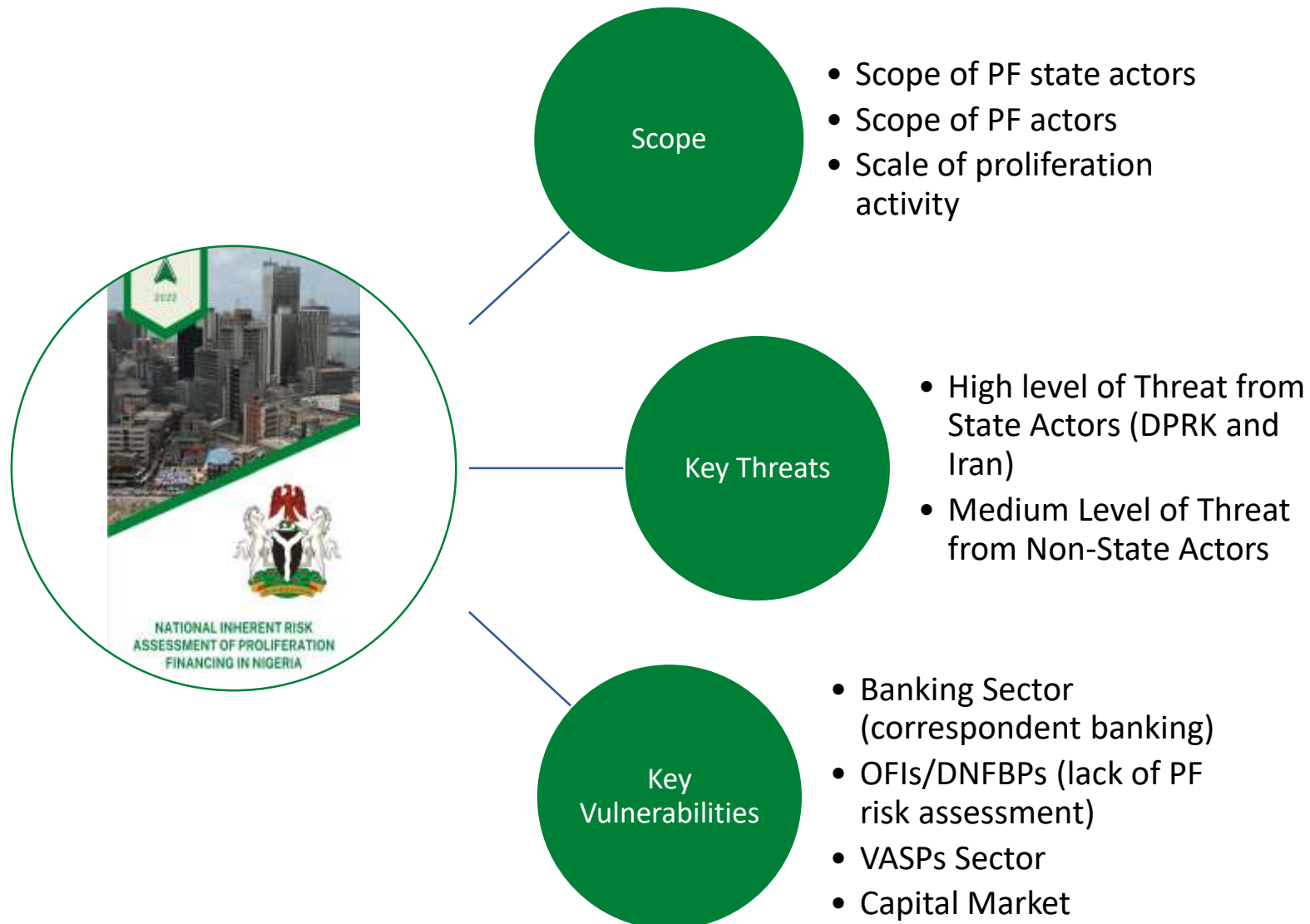
Terrorism Financing Risk Assessment



Money Laundering Risk Assessment

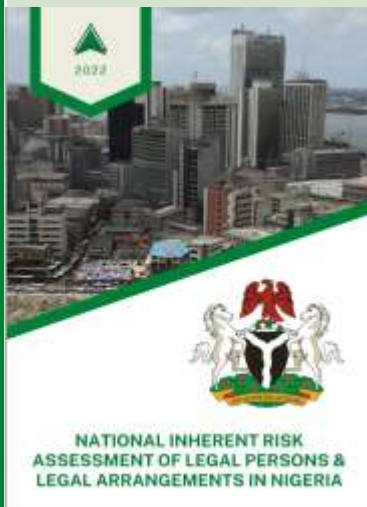


Proliferation Financing Risk Assessment



Thematic Risk Assessments

Legal Persons and Legal Arrangements Risk Assessment



- **Mainland Legal Persons**
 - Private Companies Limited - (High Risk)
 - Business Names (High Risk)
- **Free Trade Zones (FTZs) – Foreign Legal Persons**
 - Branches of Foreign Legal Persons in FTZ (under the supervision of the Nigeria Export Processing Zones Authority) - (High Risk)
 - Legal Persons operating in the Oil and Gas Export Free Trade Zone (under the supervision of the Oil and Gas Free Zones Authority) – High Risk
- **Legal Arrangements – (High Risk)**

Extractive Industries Risk Assessment



- Corruption, tax evasion, illegal mining, smuggling are amongst the predicate crimes evident in this sector.
- The banking sector serves as conduit for illicit proceeds out of the extractive sector. Legal entities and the real estate sector aid in obscuring the source of illicit proceeds and integrating same into the licit economy.

Legal Person and Legal Assessment Vulnerabilities

Legal Persons

- Limited liability companies (LLCs) identified by LEAs in tax, corruption and trade-related crimes
- FOREX malpractice and illegal money transfer using LLCs
- Branches of FZEs from jurisdictions with high levels of corporate secrecy
- Involvement of FZEs in repackaging and re-labelling fraud
- FZEs in Oil and Gas Free Zones linked to tax crimes and transfer pricing fraud

Legal Arrangements

- High levels of anonymity and limited oversight
- Legal arrangements (trusts) identified by LEAs involved in corruption related offences

Business Names

- While not a legal person in Nigeria, have been identified as a specific risk
- LEA investigations have identified Business Names used to facilitate fraud (Ponzi) schemes
- Also exploited to facilitate terrorism financing

NIRA – What Next?

Judiciary

Prioritise the adjudication of high risk predicate offences by issuing practice guidelines

Issue sentencing guidelines to ensure the application of proportionate and dissuasive sanctions for the most serious crimes

Proceeds of Crime

Pursue confiscation of the proceeds of serious crimes as a priority

Collect data on number of investigations/prosecutions/convictions/recoveries by risk area

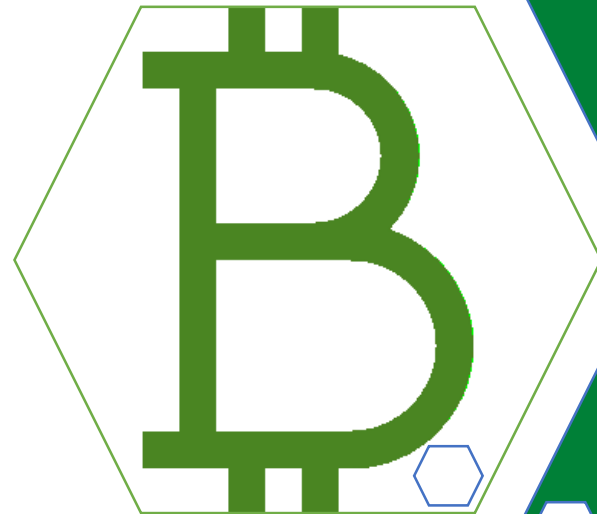
Law Enforcement

Prioritise investigation of the highest risk offences

Allocate resources (human/financial) to the highest risk areas



NIRA – What Next?



Policy Authorities

Provide resources targeted at the highest priority risks
Issue policy guidance on prioritization of mitigations against the highest risk areas
Ensure coordination of actions by competent authorities

Regulated Entities

Carry out institutional risk assessment based on NIRA
Develop risk based mitigations
Provide risk assessments and mitigations with supervisor

Supervisors

Carry out sectoral risk assessments and review mitigations
Share risk assessments with all regulated entities
Issue risk-based guidance to regulated entities



NIRA – Priority Threat Areas

Very High



High



Medium



ML Threats

Bribery and corruption



Drug trafficking



Fraud



Participation in organized crime



Trafficking in persons



Kidnapping



Environmental crime



Smuggling



Tax crime



TF Threats

Islamic State (West Africa Province)



Boko Haram (JAS)



Indigenous People of Biafra (IPOB)



Yan Bindiga and Yan Ta'ada



PF Threats

Democratic Peoples Republic of Korea



Islamic Republic of Iran



Non-State Actors



NIRA – Priority Vulnerabilities

Very High



High



Medium



ML Threats

Banking sector



Real estate sector



Dealers in precious metals and stones



Trust and company service providers



Trafficking in persons



Casinos and lotteries



Legal Persons

Private limited companies



Business names



Branches of foreign legal persons in free zones



Legal persons operating in oil and gas-free zones



Legal arrangements





2022



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