

UNDERSTANDING NIGERIA'S REMOVAL FROM THE FATF GREY LIST – THE IMPLICATIONS AND WAY FORWARD

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INTRODUCTION

On 24th October 2025, the Financial Action Task Force (FATF) officially delisted Nigeria, South Africa, Mozambique, and Burkina Faso from its grey list of countries subject to increased monitoring for money laundering, terrorist financing and proliferation financing risks.¹

This development was greeted with palpable excitement and widespread acclaim within Nigeria's financial intelligence and law enforcement circles. For the Nigerian Financial Intelligence Unit (NFIU) and the Economic and Financial Crimes Commission (EFCC), it marked the culmination of over 2 (two) years of intensive effort to implement the Financial Action Task Force (FATF) recommendations and ensure that Nigeria successfully emerged from the constraints of the FATF grey list. Nigeria's delisting is undoubtedly commendable, and the credit must go to all the stakeholders who worked so hard to achieve this feat – the Nigerian government, the NFIU, the EFCC, Nigerian banks, and even the civil society in Nigeria.

In this article, we shall explain the FATF, its lists, as well as the implications of Nigeria's removal from the grey list.

What is the FATF, and why is it such a big deal?

FATF is the global money laundering and terrorist financing watchdog.² It was founded in 1989 at the behest of the G-7 and has its headquarters in Paris, France. In furtherance of its mandate, the FATF routinely makes recommendations for combating money laundering, terrorist financing and proliferation financing globally, reviews members' policies and procedures, and seeks to increase global acceptance of its anti-money laundering recommendations.³

The FATF's credibility rests largely on the global acceptance of its anti-money laundering and counter-terrorism financing recommendations, as well as the far-reaching consequences faced by countries found to be non-compliant with those standards.



1 S. Ekanem, "Nigeria, South Africa finally removed from global dirty-money list" <https://africa.businessinsider.com/local/markets/nigeria-south-africa-finally-removed-from-global-dirty-money-list/fnpd9q6> accessed 25th October 2025.

2 <https://www.fatf-gafi.org/en/the-fatf/who-we-are.html> accessed 25th October 2025.

3 <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html> accessed 28th October 2025.

What are the FATF's lists?

As part of its efforts towards achieving its core mandate of ensuring global compliance with its recommendations, the FATF has developed 2 (two) lists – the grey list and the black list. These lists essentially categorise countries in terms of their compliance or otherwise with the FATF recommendations.

The FATF grey list is formally used to refer to the list of jurisdictions under increased monitoring. The grey list is a list of countries that have deficiencies in their anti-money laundering, counter-terrorist financing, and counter-proliferation financing frameworks, who are committed to resolving the identified strategic deficiencies within agreed timeframes and are subject to increased monitoring. Presently, there are 20 (twenty) countries in the FATF grey list, including Yemen, Cameroon, Angola, Syria, Venezuela, amongst others.

The FATF black list contains high-risk jurisdictions deemed subject to a call for action. The list identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and proliferation financing. Presently, the FATF blacklist is made up of 3 (three) countries: The Democratic People's Republic of Korea, Iran, and Myanmar.

Why was Nigeria grey-listed in the first place?

Nigeria has a long history of being grey-listed by the Financial Action Task Force (FATF), having appeared on the list 3 (three) times — from 2001 to 2006, from 2010 to 2013, and most recently in 2023. Each instance of grey-listing has stemmed from deficiencies in Nigeria's anti-money laundering, countering the financing of terrorism and countering proliferation financing (AML/CFT/CPF) framework, reflecting persistent structural and institutional vulnerabilities in the country's financial governance system.

Nigeria's repeated experience of being grey-listed by the FATF has also served as a catalyst for institutional reform, driven by the country's efforts to secure delisting. For instance, the establishment of the Economic and Financial Crimes Commission (EFCC) in 2003 is widely regarded as a direct response to Nigeria's grey-listing by the FATF in 2001. Following its re-listing in 2023, Nigeria was presented with a 19-item action plan aimed at addressing strategic deficiencies in its AML/CFT/CPF framework. The plan focused on improving beneficial ownership transparency, enhancing inter-agency coordination, strengthening financial intelligence and supervision, and ensuring effective enforcement of targeted financial sanctions. In furtherance of this, Nigeria enacted key legislations, including the Money Laundering (Prevention and Prohibition) Act 2022, and the Terrorism (Prevention and Prohibition) Act 2022, and established a Beneficial Ownership Register to promote corporate transparency. By May 2025, Nigeria had successfully completed all 19 actions, leading to its removal from the FATF grey list and recognition of its strengthened AML/CFT/CPF regime.

What does removal from the FATF grey list mean for Nigeria?

The most immediate consequence of Nigeria's removal from the grey list is the enhancement of its global reputation. This development is particularly significant as it signals to international investors that Nigeria now maintains a robust and effective framework for AML/CFT/CPF.

Nigeria's delisting from the grey list is further expected to ease cross-border transactions, boost capital inflows such as foreign direct investment, and reinforce the foundations for inclusive, sustainable economic growth and employment generation.⁴ These contrast sharply with the consequences of grey-listing. As evidenced by a 2021 report of the International Monetary Fund, countries placed on the grey list experienced "a large and statistically significant reduction in capital inflows."⁵

It is also anticipated that Nigeria's removal from the FATF grey list will facilitate smoother cross-border payments, reduce transaction costs, and create greater opportunities for Nigerian businesses to participate in global trade.

In addition, Nigerian financial institutions are poised to derive substantial benefits from this development. Notably, it is expected that the nation's financial system will enjoy improved correspondent banking relationships with foreign institutions, thereby enhancing international financial connectivity and enabling Nigerian banks to market their products and services to a broader global audience.

For the Nigerian Government, Nigeria's removal from the grey list represents an important endorsement of its ongoing reforms aimed at reinforcing the country's AML/CFT/CPF framework, and ensuring stricter adherence to global compliance standards.

However, given recent developments, particularly the United States' designation of Nigeria as a Country of Particular Concern, it is uncertain whether Nigeria's removal from the FATF grey list will produce the expected benefits. The full impact of the delisting remains to be seen and may be tempered by this new diplomatic and regulatory challenge.



4 <https://africa.businessinsider.com/local/markets/nigeria-south-africa-finally-removed-from-global-dirty-money-list/fnpd9q6> accessed 27th October 2025

5 <https://www.premiumtimesng.com/news/headlines/830593-why-fatf-placed-nigeria-on-grey-list-how-the-country-won-its-way-back.html> accessed 27th October 2025

The way forward

Nigeria's removal from the FATF's grey list represents an important milestone, but not the end of the journey. As previous experiences have demonstrated, it marks the continuation of an ongoing process of refining, strengthening, and sustaining compliance with AML/CFT/CPF standards. Nigeria remains at risk of re-listing should there be any deterioration in the effective implementation of AML/CFT/CPF measures. Notably, the country is scheduled to undergo its third FATF mutual evaluation in 2027, which will serve as the next major test of Nigeria's commitment to fully implementing the FATF's recommendations.

Therefore, while it is appropriate to celebrate Nigeria's delisting, it is imperative to recognise that significant work remains to be done. In order to achieve this, we recommend the following actions:

- **Institutionalised Compliance Culture:** A culture of compliance must be institutionalised and mainstreamed across all relevant institutions both in the public and private sectors. The AML/CFT/CPF obligations must be embedded into daily operations of these entities rather than observed merely as a reactive response to international scrutiny.
- **Continuous Evolution of the Legal and Regulatory Framework:** The legal and regulatory framework must continually evolve to keep pace with global trends in money laundering, terrorist financing and proliferation financing. At present, Nigeria's principal AML/CFT/CPF laws include the Money Laundering (Prevention and Prohibition) Act 2022, the Terrorism (Prevention and Prohibition) Act 2022, and the Proceeds of Crime (Recovery and Management) Act 2022. While these enactments are relatively recent, the culture of enforcement and compliance must be deeply entrenched, particularly among service providers within Nigeria's financial ecosystem. Moreover, these laws should be periodically reviewed and amended to address emerging typologies and evolving global practices in money laundering, terrorist financing and proliferation financing.
- **Enhance Regulatory Oversight and Coordination:** Commendably, Nigeria's regulatory framework establishes robust supervisory and enforcement mechanisms for the AML/CFT/CPF regime. However, these mechanisms must be continuously strengthened, adequately resourced, and regularly reviewed to reflect emerging risks, technological developments, and evolving global best practices. Sustained regulatory coordination, risk-based supervision, and effective sanctions enforcement are essential to maintaining the integrity and effectiveness of Nigeria's financial system.



➤ **Build Institutional and Technical Expertise:** As a way forward, regular, specialised training should be provided to compliance officers, regulators, and law enforcement agencies to strengthen their understanding of AML/CFT/CPF obligations, risk-based supervision, and enforcement. Training should cover emerging risks such as virtual assets and trade-based money laundering, as well as the use of technology and data analytics for detection and investigation. Continuous professional development and certification should be institutionalized in collaboration with bodies like GIABA, FATF, and the Egmont Group to ensure sustained competence and effectiveness

➤ **Sustained Vigilance and Effective Enforcement:** Continuous monitoring and strict enforcement of AML/CFT/CPF measures are essential to prevent to prevent any relapse in the enforcement of AML/CFT/CPF measures. Institutions must maintain proactive oversight, promptly address compliance gaps, and ensure consistent application of laws and regulations to preserve Nigeria's progress and credibility.

Conclusion

Nigeria's delisting from the grey list reflects the significant progress made by relevant stakeholders in aligning with the FATF's recommendations. More importantly, it underscores the need for sustained efforts to further strengthen compliance with both the FATF's standards and Nigeria's existing AML/CFT/CPF regulations, with the ultimate goal of building a more resilient, transparent, and trusted financial ecosystem.

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