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TEMPLARS ThoughtLab

Nigeria Exits FATF Grey List: *Stronger Compliance, Stronger Markets*

Introduction

On 24 October 2025, the Financial Action Task Force ("FATF") announced Nigeria has been removed from its Grey List¹. Today's publication is a follow-up to TEMPLARS' publication on 31 May 2023 further to Nigeria's addition to the Grey List which can be read [HERE](#).

Nigeria's removal from the Grey List ends over 2 years of enhanced monitoring for strategic deficiencies in Anti-Money Laundering ("AML") and Counter-Terrorism Financing ("CFT") frameworks. The FATF's decision followed significant legislative and institutional reforms by Nigeria including enforcement of the Money Laundering (Prevention and Prohibition) Act 2022, strengthening of the Nigerian Financial Intelligence Unit ("NFIU"), and sectoral guidelines from the Central Bank of Nigeria ("CBN").

Understanding the Grey List² and Nigeria's Journey

The Grey List identifies jurisdictions under increased monitoring that have committed to address strategic deficiencies in AML/CFT regimes. The Grey List is not as severe as the Blacklist but carries serious reputational and operational implications, the major one being that correspondent banks and more importantly, investors apply stricter due diligence checks on entities from the Grey List jurisdictions.

¹ FATF website: <https://www.fatf-gafi.org/en/publications/Fatfgeneral/outcomes-FATF-plenary-october-2025.html> accessed on 26 October 2025.

² TEMPLARS website: <https://www.templars-law.com/app/uploads/2023/05/THE-WHAT-AND-WHY-OF-NIGERIAS-GREY-LISTING.pdf> accessed on 26 October 2025.

Nigeria was Grey-Listed on 24 February 2023, largely due to weaknesses in beneficial ownership transparency, supervision of Designated Non-Financial Businesses and Professions ("**DNFBPs**"), and deficiencies in terrorism-financing investigations. Ahead of and in response, Nigeria implemented sweeping reforms such as the new AML³ and terrorism⁴ financing laws in 2022, a public register of beneficial owners under the Companies and Allied Matters Act ("**CAMA**")⁵, improved cooperation between the CBN, NFIU, and Economic and Financial Crimes Commission ("**EFCC**")⁶, and increased independence of the NFIU from the EFCC⁷, among others.

The FATF in its October 2025 Plenary acknowledged Nigeria's progress in strengthening risk-based supervision and enhancing its asset-recovery and financial-intelligence mechanisms⁸: "...the Plenary congratulated....**Nigeria**...for positive progress in addressing strategic anti-money laundering and countering the financing of terrorism and proliferation financing (AML/CFT/CPF) deficiencies identified during their mutual evaluations.

What Delisting Means for (Businesses in) Nigeria

Delisting from the Grey List carries symbolic and practical value: Symbolically, it restores international credibility; practically, it improves Nigeria's risk rating in global financial systems.

However, FATF's decision does not ease Nigeria's obligations. The country remains bound by the FATF Recommendations⁹ and will continue to be subject to periodic evaluations. For instance, Nigeria will continue to work with its FATF-Style Regional Body (FSRB), GIABA¹⁰ to sustain its improvements in its AML/CFT system.¹¹

Therefore, businesses must not view delisting as deregulation, but as an invitation to sustain and demonstrate compliance maturity including:

- a. **enhanced internal controls**: companies must continue to update AML/CFT manuals, risk assessments, and training programs.
- b. **beneficial-ownership transparency**: firms are expected to maintain accurate, up-to-date ownership information consistent with CAMA and FATF standards, and
- c. **reporting obligations**: financial institutions and DNFBPs must sustain prompt suspicious-transaction reporting to the NFIU.

³ The Nigeria Sanctions Committee website: <https://nigsac.gov.ng/OtherLaws> > accessed on 26 October 2025.

⁴ The National Counter Terrorism Centre website: https://nctc.gov.ng/ova_doc/terrorism-prevention-publication-web/ > accessed on 26 October 2025.

⁵ Section 119 of CAMA, 2020.

⁶ The State House website: <https://statehouse.gov.ng/president-tinubu-welcomes-the-delisting-of-nigeria-from-the-fatf-grey-list-says-nigeria-is-committed-to-global-financial-transparency/> > accessed on 26 October 2025.

⁷ Policy and Legal Advocacy Centre website: <https://placng.org/i/wp-content/uploads/2019/12/Lead-Debate-on-the-General-Principles-of-the-Bill-for-an-Act-to-Establish-the-Nigerian-Financial-Intelligence-Agency-NFIA-2017.pdf> > accessed on 27 October 2025.

⁸ FATF website: <https://www.fatf-gafi.org/en/publications/Fatfgeneral/outcomes-FATF-plenary-october-2025.html> > accessed on 26 October 2025.

⁹ FATF website: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html> > accessed on 26 October 2025.

¹⁰ Inter-Governmental Action Group against Money Laundering in West Africa.

¹¹ FATF website: <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-october-2025.html> > accessed on 26 October 2025.

Embedding Compliance as a Corporate Culture



The New Compliance Culture: From Rules to Responsibility

Nigeria's removal from the FATF Grey List marks a shift from rule-based compliance, that is, doing what is required to satisfy regulators, to responsibility-based compliance, where ethics, transparency, and sustainable governance define everyday business conduct.

We have proposed key elements of a new compliance culture for businesses in Nigeria:

a. Leadership Accountability and Ethical Governance

Effective compliance begins with leadership: The Money Laundering (Prevention and Prohibition) Act 2022, particularly Section 19, establishes direct liability for directors, owners, and principal officers who fail to maintain adequate AML/CFT controls. This reflects FATF's Recommendation 18¹², which requires programmes against money laundering and terrorist financing, thereby mandating internal governance and compliance oversight across board. Thus, beyond statutory mandates, investors and global partners now assess governance quality as part of Environmental, Social and Governance ("ESG") due diligence¹³. Therefore, for Nigerian companies, this means compliance is not only a legal requirement, but a determinant of investor confidence and access to capital.

b. Risk-Based and Technologically Informed Compliance

Modern compliance requires strategy, not standardization. FATF's Recommendation 1 establishes the Risk-Based Approach ("RBA"), which directs institutions to allocate resources according to

¹² FATF Recommendations: <https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf> > accessed on 26 October 2025.

¹³ ESG Investing: Practices, Progress and Challenges: https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/09/esg-investing-practices-progress-and-challenges_8a73d683/b4f71091-en.pdf > accessed on 26 October 2025.

identified risks rather than applying uniform controls. The CBN AML/CFT/CPF Regulations 2022¹⁴ also operationalize this by requiring financial institutions and fintechs to assess customer, product, and geographic risks within their enterprise risk management frameworks.

Technology is central to this transformation. Across Nigeria's financial ecosystem, institutions are increasingly leveraging Regulatory Technology ("**RegTech**") solutions such as AI-driven transaction monitoring, sanctions screening, and biometric Know Your Customer (KYC) verification to achieve real-time compliance and enhance transparency.

For financial institutions and fintechs, RegTech adoption does more than reduce human error; it signals a forward-thinking commitment to governance, a message that resonates with regulators, investors, and global partners alike.

c. Building People and Systems: Training, Documentation, and Institutional Memory

The NFIU emphasizes continuous training and awareness as vital to effective AML/CFT frameworks. The NFIU has continued to stress that compliance knowledge must go beyond compliance officers to all employees handling transactions or client data¹⁵.

Equally important is documentation. Regulators now operate by a clear standard: *"If it is not documented, it did not happen."* The law mandates detailed record-keeping, from board minutes to compliance logs, to demonstrate not only adherence but evidence of compliance. This shift has reframed documentation from a bureaucratic exercise to a form of institutional proof: a record of diligence and ethical continuity.

d. Institutional Resilience and Regulatory Coordination

The real test of Nigeria's post-delisting success will be institutional resilience, thereby ensuring that reforms outlive political transitions and leadership changes. Therefore, the key lies in strengthening consistent collaboration among the CBN, SEC, NFIU, and Corporate Affairs Commission ("**CAC**"). This is because effective coordination minimizes regulatory overlap, improves information flow, and supports more consistent enforcement, a principle emphasized in FATF's Methodology for Assessing Technical Compliance and Effectiveness¹⁶.

Miscellany

Beyond sustaining existing reforms, Nigeria must remain alert to evolving global compliance priorities. FATF has expanded its focus beyond traditional money laundering and terrorism financing to include:

- a. environmental crimes¹⁷
- b. proliferation financing¹⁸, and
- c. the risks associated with virtual assets¹⁹, among others

¹⁴ <https://www.cbn.gov.ng/Out/2022/FPRD/AML%20CIRCULAR%20AND%20REGULATIONS%20MERGED.pdf> > accessed on 26 October 2025.

¹⁵ The Nigerian Financial Intelligence Unit Newsletter: https://www.nfiu.gov.ng/images/Downloads/downloads/nfiu_newsletter-no1vol2.pdf > accessed on 26 October 2025.

¹⁶ <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Fatf-methodology.html> > accessed on 26 October 2025.

¹⁷ FATF website: <https://www.fatf-gafi.org/en/publications/Environmentalcrime/Environmental-crime.html#:~:text=Illegal%20wildlife%20trade%20is%20a,take%20to%20combat%20this%20trade.>> accessed on 26 October 2025.

¹⁸ FATF website: <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html> > accessed on 26 October 2025.

¹⁹ <https://www.fatf-gafi.org/en/publications/Methodsandtrends/comprehensive-update-terrorist-financing-risks-2025.html> > accessed on 26 October 2025.

Therefore, for Nigeria, where digital finance and fintech adoption are growing rapidly, these developments present both an opportunity and a responsibility. A forward-looking approach requires continuous risk assessment, timely updates to the Money Laundering (Prevention and Prohibition) Act 2022, and alignment with FATF's evolving standards.

It also demands that supervisory bodies like the NFIU, CBN, and SEC remain agile, coordinating effectively to detect and mitigate new forms of illicit finance.

Conclusion

Nigeria's removal from the FATF Grey List is a testament to the country's institutional progress but is not an endpoint but a checkpoint on a longer journey toward systemic integrity.

For businesses, especially in finance and technology, the message is clear: the world is watching and closely: not how quickly Nigeria achieved delisting (commendable), but how faithfully it sustains it (strategically important).

Therefore, as Nigeria repositions itself within the global financial ecosystem, its ability to maintain FATF's confidence will depend on sectoral and behavioral change.

In today's global economy, trust is the most important currency, and the value of that trust will determine how sustainably Nigeria converts delisting into long-term economic growth.