

### 2022 National AML/CFT/CPF Inherent Risk Assessment

# Background

- Nigeria's 1<sup>st</sup> National Risk Assessment published in 2016
- 2<sup>nd</sup> 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

- Risks are composed of threats, vulnerabilities, their likelihood and consequences
- •Ensure inclusive approaches to risk assessment, covering public and private sector
- •Ensure broad awareness of the threats and vulnerabilities
- •Understand risks at multiple levels: national, sector-wide and institutional (entity-level)

### Understand

### Implement

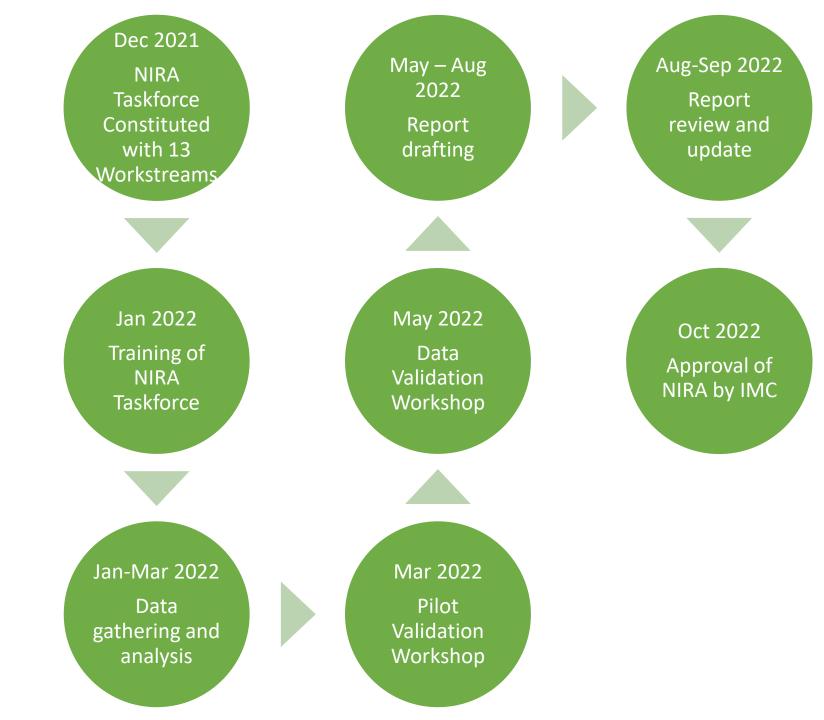
- •Tailor law enforcement and supervisory measures (particularly assignment of resources) to the identified risks
- Prioritise the higher risks and apply enhanced measures
- •Apply simplified measures where the risk is lower
- •Allow exemptions where there is a demonstrated and documented low level of risk

- Assess on an ongoing basis the effectiveness of the risk-based measures
- Update the risk assessment on a periodic basis

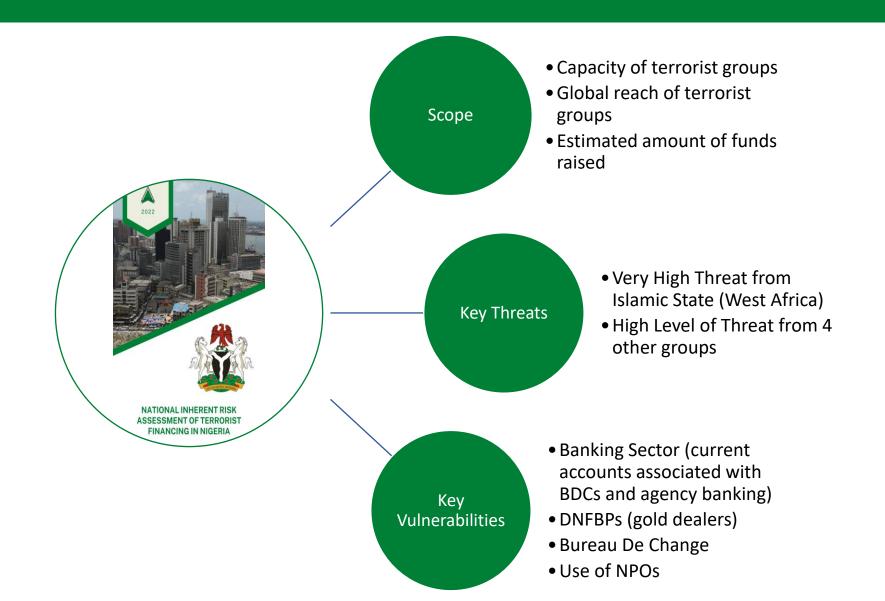


The FATF has published guidance on risk-based approaches: <u>https://www.fatf-gafi.org/documents/riskbasedapproach/?hf=10&b=0&s=desc(fatf\_releasedate)</u>

# 2022 NIRA



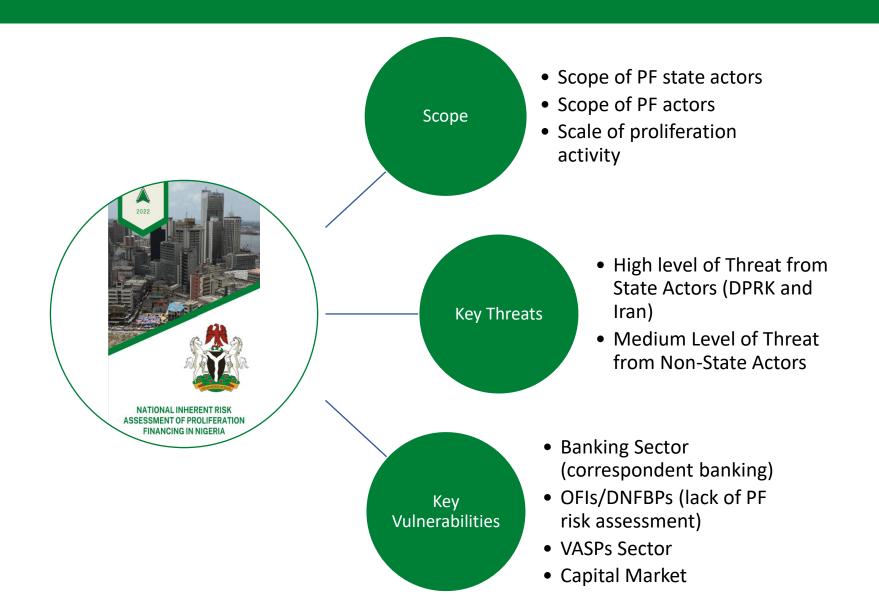
# Terrorism Financing Risk Assessment



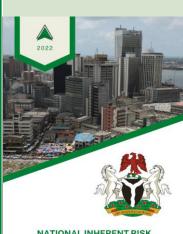
# Money Laundering Risk Assessment



# **Proliferation Financing Risk Assessment**



#### Legal Persons and Legal Arrangements Risk Assessment



NATIONAL INHERENT RISK ASSESSMENT OF LEGAL PERSONS 8 LEGAL ARRANGEMENTS IN NIGERIA

Thematic

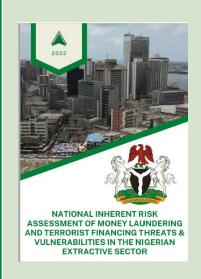
Assessments

Risk

### • 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.

### 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

Law Enforcement

Prioritise investigation of the highest risk offences

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

#### **Proceeds of Crime**

Pursue confiscation of the proceeds of serious crimes as a priority

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

### 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



| ML Threats                       |          |
|----------------------------------|----------|
| Bribery and corruption           | J        |
| Drug trafficking                 | J        |
| Fraud                            | J        |
| Participation in organized crime |          |
| Trafficking in persons           | J        |
| Kidnapping                       | J        |
| Environmental crime              | J        |
| Smuggling                        |          |
| Tax crime                        | <u>N</u> |

#### **TF Threats**

| Islamic State (West Africa Province) | J |
|--------------------------------------|---|
| Boko Haram (JAS)                     | J |
| Indigenous People of Biafra (IPOB)   | J |
| Yan Bindiga and Yan Ta'ada           | J |

#### **PF** Threats

|                                      | - |
|--------------------------------------|---|
| Democratic Peoples Republic of Korea | J |
| Islamic Republic of Iran             | J |
| Non-State Actors                     |   |

# NIRA – Priority Vulnerabilities

| ML Threats                            |   |
|---------------------------------------|---|
| Banking sector                        | J |
| Real estate sector                    | J |
| Dealers in precious metals and stones | J |
| Trust and company service providers   | J |
| Trafficking in persons                | J |
| Casinos and lotteries                 | J |

| Legal Persons                                     |   |
|---|---|
| Private limited companies                         | J |
| Business names                                    | J |
| Branches of foreign legal persons in free zones   | J |
| Legal persons operating in oil and gas-free zones | J |
| Legal arrangements                                | J |



### Download the NIRA Reports Via:

### https://www.nfiu.gov.ng/Home/NiraReports