

Finance Regulatory Updates

April 2025

This month, we examine pertinent guidelines issued by the Central Bank of Nigeria (the “CBN”) to players in the financial services sector.

We have highlighted these key updates and their impact on the relevant stakeholders.

Reminder to Banks, Payment Service Banks, and Other Financial Institutions on Sanctions Compliance Obligations

Compliance with Sanctions Lists has become a critical requirement for financial institutions globally, as they seek to align with international regulations and mitigate risks associated with crimes such as money laundering, terrorism financing, and the circumvention of economic sanctions.

In line with this, the CBN, by its circular dated 17 April 2025, issued a directive reminding banks, payment service banks, and other financial institutions to comply with their obligations under the United Nations Consolidated Sanctions List, the Nigerian Sanctions List (maintained under the Terrorism (Prevention and Prohibition) Act, 2022, the CBN Anti-Money Laundering/Combating the Financing of Terrorism/Counter Proliferation Financing Regulations, 2022, and the CBN Guidelines on Targeted Financial Sanctions related to Terrorism and Terrorism Financing, 2022), and other applicable sanctions regimes.

Broadly, these cover know your customer requirements, obligations to screen transactions, continuously monitor transactions and business relationships, and report suspicious transactions involving sanctioned individuals or entities to the relevant authorities.

The CBN further directed these financial institutions to maintain robust and dynamic sanctions compliance structures allowing them to promptly identify and respond to updates received from applicable sanctions regimes, conduct real-time screening of customers, transactions, and beneficial owners, prevent the use of their systems and platforms for illegal transactions and file the appropriate reports with the Nigerian Financial Intelligence Unit and the CBN.

Failure to comply with these obligations may attract enforcement actions and regulatory sanctions.

Commencement of Mystery Shopping Exercises on the Activities of Bureau De Change (BDC) Operators

In a circular dated 17 April 2025, the CBN announced the immediate commencement of mystery shopping exercises aimed at assessing the practical implementation of anti-money laundering, combating the financing of terrorism, and counter proliferation financing compliance measures by BDC operators.

These exercises will review the adequacy of customer onboarding procedures, staff training, customer identification processes, and the reporting of suspicious transactions.

The CBN also reiterated the compliance obligations of BDC operators with all applicable anti-money laundering, combating the financing of terrorism, and counter proliferation financing legislation, including the Money Laundering (Prevention and Prohibition) Act, 2022, the Terrorism (Prevention and Prohibition) Act, 2022, and the Regulatory and Supervisory Guidelines for Bureau De Change Operators in Nigeria, 2024.

The circular states that any lapses identified during the mystery shopping exercises will attract stringent regulatory sanctions, including monetary penalties and/or the revocation of operating licences.

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