



Nigeria's AML Compliance Imperative 2026

A Regulatory Intelligence Brief for Banks, FinTechs and Capital Market Operators. The Regulators are Moving. Is Your Compliance Ready?

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Branches of Nigeria's AML Mandate

Two Clocks

Capital market operators have until 31 March. Every other regulated institution has until 10 June. Both clocks are running now.



Ten Standards

The CBN has defined ten mandatory capabilities from real-time transaction monitoring to independent AI model validation. Deployment alone is not enough.



One Requirement

Buying an AML platform is not compliance. CBN examiners will require documented governance, data lineage, board oversight and annual independent validation.



Opportunity Cost

Grey list status suppressed capital inflows by an estimated 7.6 percent in the first year alone in lost investment opportunities for Nigeria.

The Countdowns



March 31, 2026

Grey list status suppressed capital inflows by an estimated 7.6 percent in the first year alone - equivalent to over \$30 billion in lost investment opportunities for Nigeria.

Olayemi Cardoso | CBN Governor

Nigerian financial institutions are operating under two simultaneous AML compliance mandates in 2026. Capital market operators have few days. Banks and Fintechs have few weeks. Neither deadline is optional - and both arrive within a regulatory moment that Nigeria's financial sector has not seen before.

In October 2025, Nigeria exited the FATF grey list following a sustained programme of AML/CFT reforms. In January 2026, the European Union removed Nigeria from its list of high-risk jurisdictions, with enhanced due diligence requirements on Nigeria-related transactions lifted with effect from January 29, 2026.

"Grey list exit wasn't a fluke..." "It was a well-orchestrated work plan." Pattison Boleigha MD Pattison Consulting Limited former President Compliance Institute, Nigeria.



June 10, 2026

The CBN's March 10 circular is the infrastructure response to that moment. It formalises the minimum automated controls that every regulated institution must now build - not to satisfy a checkbox, but to make Nigeria's reformed financial system durable, examiner-ready, and attractive to the international counterparties now returning to engage with it.

This brief translates what the CBN and SEC have mandated into a clear, actionable picture for compliance leaders, boards and senior management across banking, fintech and capital markets.



The Deadlines

Full Compliance - DMBs

Deposit Money Banks must Full deployment of all ten Baseline Standards

2027
September
10

2028
March
10

SEC Compliance Submission

All Capital Market Operators to Submit AML/CFT/CPF compliance levels to SEC

2026
March
31

Full Compliance - All Others

Fintechs, PSPs, MFBs, MMOs, OFIs must fully deploy all ten Baseline Standards

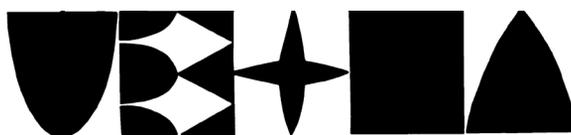
2026
June
10

CBN Roadmap Submission

All CBN-regulated institutions. Submit Board-signed AML implementation roadmap to CBN

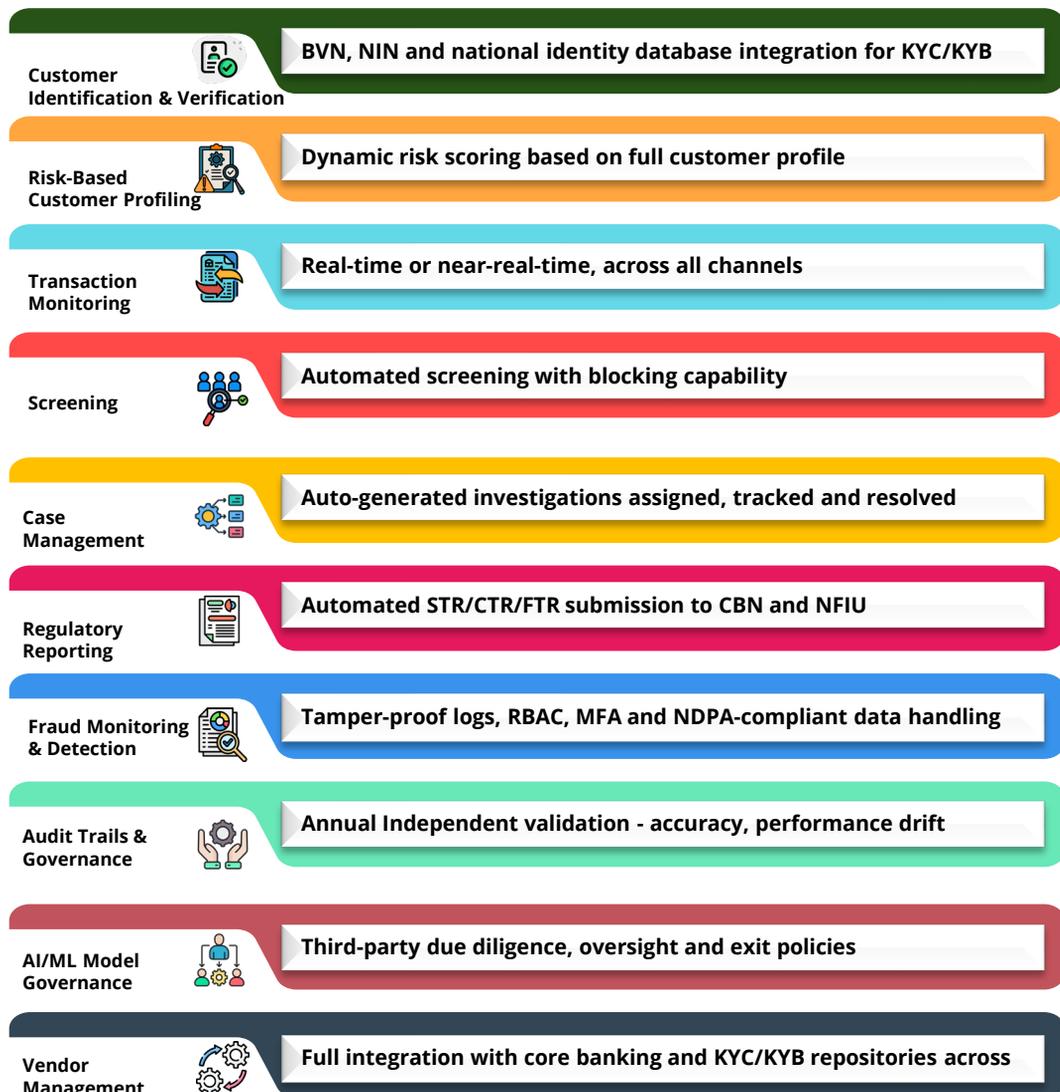
CBN's Ten Baseline Standards

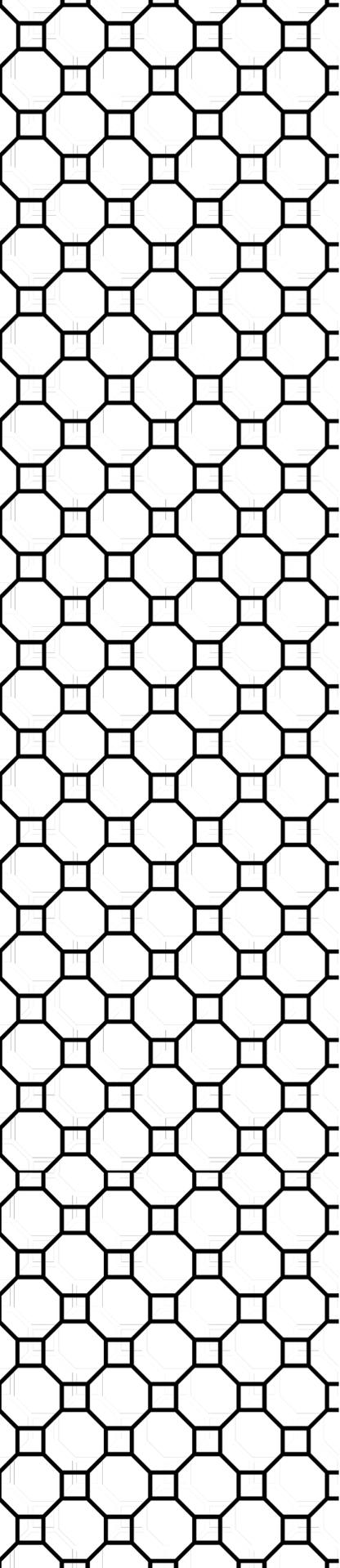
On March 10, 2026, the CBN issued Circular BSD/DIR/PUB/LAB/019/002, establishing mandatory Baseline Standards for Automated AML/CFT/CPF Solutions across the Nigerian financial sector. The standards apply to all CBN-supervised institutions and define the minimum capability threshold - with the explicit expectation that institutions operating in higher-risk subsectors will go beyond the baseline.





The circular explicitly states that manual AML/CFT/CPF controls are no longer sufficient to manage risks in a digitised financial system and positions the Baseline Standards as Nigeria's implementation of FATF recommendations.





Securities and Exchange Commission

March 31 Directive for Capital Market Operators

On March 10, 2026 - the same day as the CBN circular - the Securities and Exchange Commission directed all Capital Market Operators to submit their AML/CFT/CPF compliance levels by March 31, 2026.

This is a gap disclosure exercise, not a technology deployment mandate. CMOs must present a candid, evidenced picture of their current AML posture - the policies, systems, controls and training that exist today - against which supervisory expectations and remediation requirements will be set going forward.

The quality of the March 31 submission will shape every subsequent SEC supervisory interaction. A submission that papers over gaps invites directed remediation. A submission that accurately diagnoses gaps and proposes a credible improvement plan builds supervisory confidence.

SEC also maintains standing quarterly and annual AML/CFT return requirements, with penalties for late or non-submission. The March 31 directive adds an immediate disclosure obligation on top of that existing regime.

The Compliance Gap:

What the Market Reveals

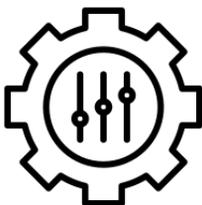
The automation gap is real - and it goes deeper than most institutions recognise

A 2026 survey of over 200 Nigerian compliance officers conducted by Regfyl, a Nigerian RegTech firm, reveals that while awareness of AML obligations is high, the gap between policy and operational implementation is substantial across the sector. Many institutions today operate fragmented compliance architectures: transaction monitoring platforms disconnected from KYC systems, case management running on spreadsheets,

STR drafting done manually, and customer risk profiling based narrowly on transaction behaviour rather than the full customer profile that CBN now explicitly requires.

Under the new Baseline Standards, these architectures are no longer merely inefficient - they are likely to be assessed as non-compliant if they cannot produce an integrated, auditable and evidenced view of customer risk, transaction behaviour, sanctions exposure and investigative outcomes.

Four Targeted Requirements of the Circular



Model design and customisation



Data integrity and lineage.

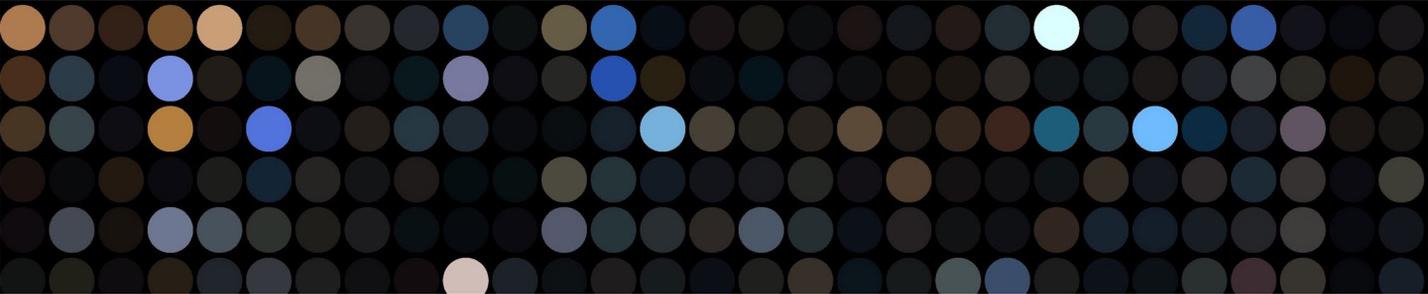


Governance, KPIs and oversight.

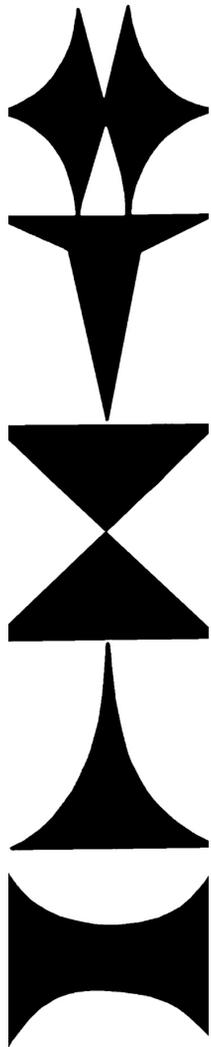


Alert handling and audit trail





Most Nigerian institutions focus on whether they have an AML system. The CBN circular asks a harder question: can you prove it works?



The Baseline Standards embed four requirements that go beyond software procurement and are under-appreciated across the sector:

- **Model design and customisation.** Transaction monitoring rules, scenarios, thresholds and customer segmentation must be institution-specific - designed, documented and periodically reviewed to reflect each institution's own risk profile. Vendor defaults without documented customisation will not satisfy CBN examiners.
- **Data integrity and lineage.** Effective automation requires accurate, complete and timely data. Institutions must demonstrate that the data feeding their AML engines - from customer onboarding through to transactional and external data inputs - is reliable, reconciled and subject to documented quality controls.
- **Governance, KPIs and oversight.** The circular requires that boards and senior management receive structured reporting on AML system performance: risk indicators, false-positive and false-negative rates, alert backlog, and the outcomes of model reviews. An AML system that no senior committee formally oversees does not meet the standard.
- **Alert handling and audit trail.** Automated alerts are only as effective as the investigative process around them. CBN examiners will look for standardised workflows, documented decisions, escalation records and audit trails that can be reconstructed during on-site examination.

What Good Looks Like: The Global Standard

Why Global Benchmarks Matter For Nigeria Now

CBN has framed its Baseline Standards as part of Nigeria's alignment with FATF recommendations. The EU removal of Nigeria from its high-risk list was conditional on the country demonstrating that it had "significantly strengthened the effectiveness of its AML/CFT regime.

European and Asian counterparties returning to engage with Nigerian institutions will expect AML controls that look and operate like those in other major financial centres. Understanding what supervisors in advanced jurisdictions actually look for - beyond formal rules - gives Nigerian institutions a practical blueprint for what CBN is likely to assess in examinations over the next two years.

The MAS and FCA Signal

The Monetary Authority of Singapore mandates institution-specific model tuning, documented data governance and senior management ownership of AML system performance under its Notice 626 framework - reflecting a global convergence toward accountability, not just automation.

The UK's Financial Conduct Authority has confirmed that existing governance, accountability and outsourcing rules already apply to AI systems used in compliance, including AML - meaning explainability, fair outcomes and senior manager accountability are embedded in the standard, not optional additions.

International Benchmark:

What Supervisors Look For?

The Hong Kong Monetary Authority (HKMA) has published detailed guidance on transaction monitoring and screening that illustrates supervisor expectations beyond rule-setting. Three pillars recur consistently:

First, institution-specific system design: rules, scenarios, thresholds and risk segmentation must be tailored to the bank's own risk profile - not set to vendor or group defaults.

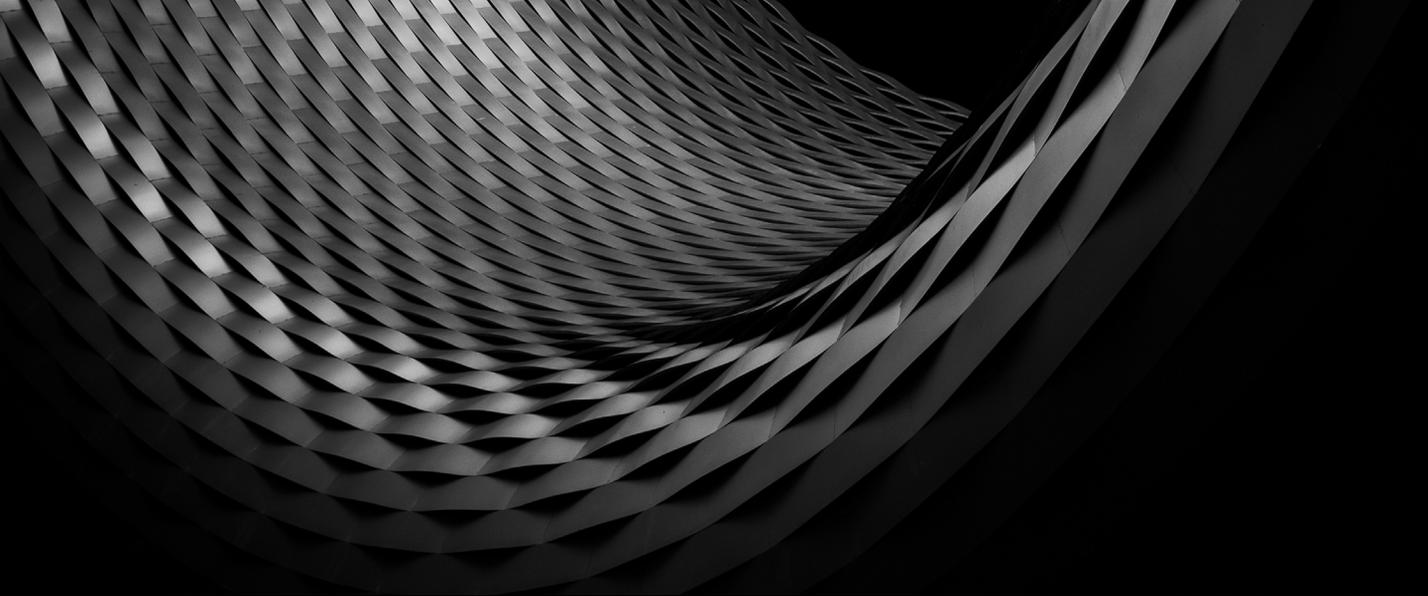
Second, data quality and lineage: accurate, reconciled data feeding AML engines is treated as a prerequisite, not an assumption.

Third, governance and periodic review: boards must receive structured AML system performance reporting, with defined KPIs, independent validation cycles and documented remediation of issues identified.

HKMA's approach is not cited here as a compliance obligation for Nigerian institutions. It is cited as evidence of where supervisors globally - including CBN - are converging in their expectations of what "effective automated AML" means in practice.



Sources: HKMA Regtech Adoption Practice Guide - AML, July 2021; HKMA Guidance Paper on Transaction Monitoring, Screening and Governance, February 2023



The Layer That Converts Deployment Into Compliance

The gap that procurement does not close

There is a material difference between having an AML system and being able to prove to a supervisor that it works as intended.

That difference - the gap between deployment and demonstrable compliance - is the territory that most Nigerian AML implementations have not yet entered. It is also the territory that CBN's Baseline Standards now explicitly occupy:

- Standard 8 (AI/ML model governance),
- Standard 7 (audit trails and governance),
- Standard 9 (vendor management) and the roadmap submission requirement together constitute a governance obligation layered on top of every technology decision.

40%

AML platform

60%

Governance

Baseline Standards Require

A bank that selects an AML platform, integrates it with its core system and switches on transaction monitoring has completed perhaps 40 percent of what the Baseline Standards require. The remaining 60 percent is governance: documented model configurations, calibrated thresholds, data quality controls, structured alert workflows, a Board-facing performance dashboard, and an annual independent validation report that can withstand examiner scrutiny.

What A Compliant Governance Framework Requires

Institutions building their roadmap submissions must be able to demonstrate the following governance components - irrespective of which AML platform they use:

Model Inventory

A central register of all AML models, rules and scenarios, documenting purpose, logic, inputs, outputs and known limitations.

Design And Change Control

Formal approval processes for new models and threshold changes, with documented rationale and accountability.

Independent Annual Validation

structured review of model performance - back-testing, benchmarking, drift analysis - with findings and remediation tracked to closure.

Data Governance And Lineage

Mapped data flows from source systems into AML tools, defined quality metrics, reconciliation controls, and documented data stewardship responsibilities.

Operational KPIs And Management Reporting

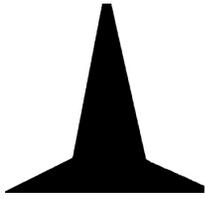
Standard operating procedures for alert handling, case management and STR drafting, with KPIs (false-positive rates, backlog levels, alert handling time) reported regularly to the Board Risk Committee and Executive Management

Institutions that establish this governance layer now will satisfy the June 10 roadmap requirement with a submission that demonstrates genuine preparedness - and will be materially better positioned for the September 2027 and March 2028 full-compliance examinations.



Governance, not software procurement, will determine whether Nigerian institutions meet the spirit of the new AML standards.

Pattison Boleigha
MD Pattison Consulting Limited | former President Compliance Institute, Nigeria.

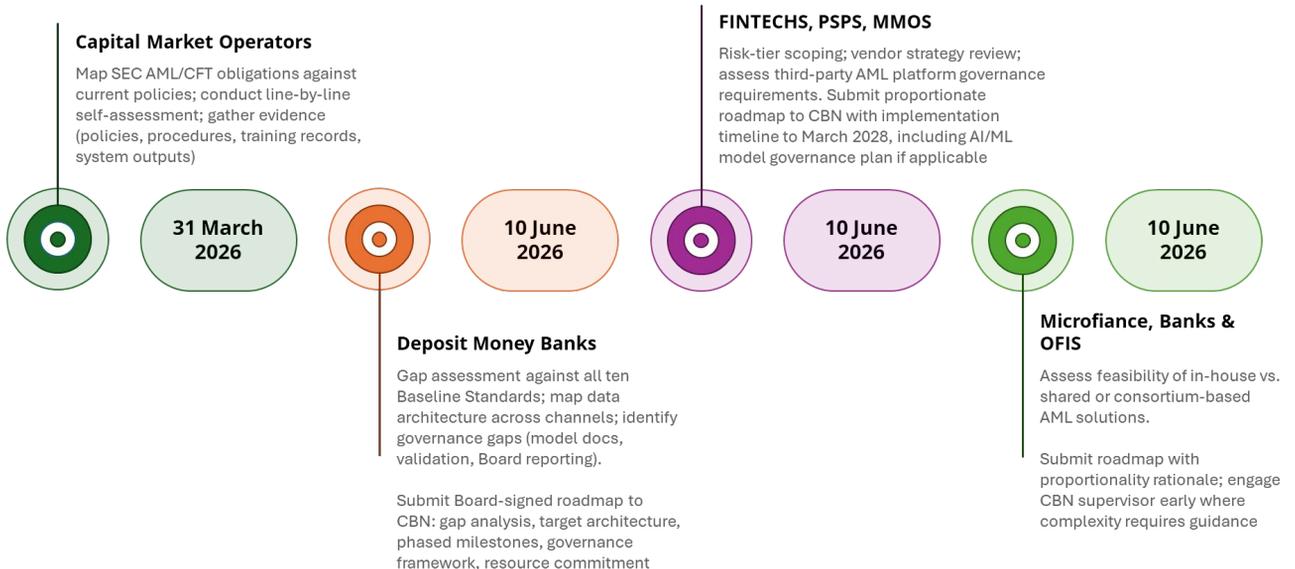


Nigeria's exit from the FATF grey list was the result of a coordinated national effort, not a one-off event. The next test is whether institutions can demonstrate that those commitments are effective in practice. Many firms have already invested in AML tools, but too often those tools operate in silos, with weak data integration and uneven use in decision-making. In my view, governance is the bigger issue: leadership commitment, clear ownership, and board-level oversight will determine whether technology delivers real compliance outcomes.

Before the deadlines below, institutions should complete a gap assessment, assign ownership across the business, and ensure the roadmap is driven from the top

Adetoyese Adedokun | Regulatory Leader at Complia

Action Plan: Before June 10 and March 31



The Three Parallel Workstreams Every Institution Should Run From Today



Gap Analysis

Mapping of current controls against the ten CBN standards; do not understate gaps that will surface in examination.



Governance

Build or document the model governance, data lineage and Board oversight framework before selecting or upgrading technology.



Roadmap

Prepare the CBN submission as a formal regulatory document: phased, resourced, Board-approved, and signed.



A

Appendix

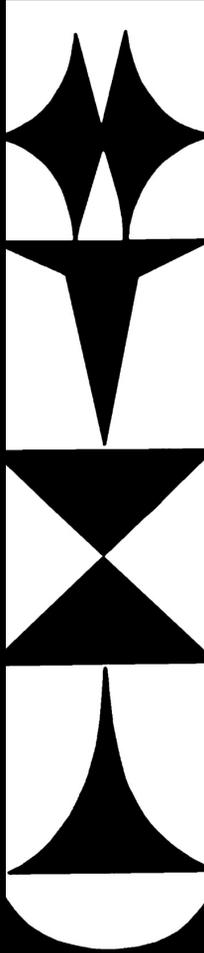
A.1 Acknowledgements

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A.2 Relevant Regulatory Requirements and/or Guidance

Name	Link
SEC Nigeria - Directive to CMOs to Submit AML/CFT/CPF Compliance Levels by March 31, 2026	https://proshare.co/articles/sec-directs-cmos-to-submit-compliance-level-with-aml-cft-and-cpf-by-march-31st-2026
SEC Nigeria - Requirements for Filing of Returns by Capital Market Operators (Compliance Timelines)	https://sec.gov.ng/documents/152/sec-requirements-for-filing-of-returns-by-capital-market-operators.pdf
NFIU - Guidelines for Reporting Suspicious Transactions in Financial Institutions	https://firstfiduciary.ng/wp-content/uploads/2025/02/guidelines-for-reporting-suspicious-transactions-in-financial-institutions.pdf
Nigeria Data Protection Act (NDPA) 2023	https://securiti.ai/overview-of-nigeria-data-protection-act/

HKMA - RegTech Adoption Practice Guide Issue #2: Anti-Money Laundering (July 2021)	https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20210726-2-EN/20210726-2-EN.pdf
HKMA - Guidance Paper: Transaction Monitoring, Screening and Governance (February 2023)	https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2023/20230209e2a2.pdf
MAS Notice 626 - AML/CFT Requirements for Banks (2025 Amendments)	https://www.mas.gov.sg/regulation/regulations-and-guidance?sectors=Payments&topics=Anti-Money+Laundering
FCA - AI Update: Embedding AI Oversight into UK Financial Rules (2025)	https://a-teaminsight.com/blog/fca-ai-update-2025-how-the-regulator-is-embedding-ai-oversight-into-uk-financial-rules/
FATF - The 40 Recommendations (International AML/CFT Standards)	https://www.fatf-gafi.org/en/topics/fatf-recommendations.html
Regfyl 2026 Nigeria AML Compliance Survey	https://www.regfyl.com/post/how-regfyl-meets-the-cbn-baseline-standards-for-automated-aml-solutions-2026
FSB - The Use of Supervisory and Regulatory Technology by Authorities and Regulated Institutions (2020)	https://www.fsb.org/uploads/P091020.pdf
BFA Global / R2A - Adopting SupTech for Anti-Money Laundering Toolkit	https://bfa-global.com/wp-content/uploads/2020/06/R2A-AML-SupTech-Toolkit-04June2020-1.pdf



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