



AML/CFT Regime for IMTO Operators

International Money Transfer Operators (IMTOs) facilitate fund transfers from individuals or entities overseas to recipients in Nigeria. The services provided by IMTOs are vital to the development of the Nigerian economy as they facilitate the inflow of foreign exchange to shore up the foreign capital needs of the country and the efficient transfer of funds by emigrants to Nigeria for maintenance and upkeep.



DUALE, OVIA &
ALEX-ADEDIPE

Introduction

International Money Transfer Operators (**IMTOs**) facilitate fund transfers from individuals or entities overseas to recipients in Nigeria. The services provided by IMTOs are vital to the development of the Nigerian economy as they facilitate the inflow of foreign exchange to shore up the foreign capital needs of the country and the efficient transfer of funds by emigrants to Nigeria for maintenance and upkeep. However, this very function makes them susceptible to misuse by criminals seeking to launder money and those seeking to finance the proliferation of weapons of mass destruction, and they also present a potential vulnerability for terrorist financing activities.

To combat these threats, IMTOs are subject to a robust set of Anti-Money Laundering (AML) compliance requirements to prevent the use of IMTO services for financial crimes. In today's TMT Thursday series, we discussed the rigorous AML compliance measures for IMTOs in Nigeria and the implication of non-compliance with the measures.



How IMTOs Can Prevent the Use of Their Services for Financial Crimes

The Central Bank of Nigeria's (CBN) Revised Guidelines for International Money Transfer Services 2024 (the “**Guidelines**”) and the Anti-Money Laundering, Countering the Financing of Terrorism (CFT), and Countering Proliferation Financing (CPF) Regulations 2022 require IMTOs to comply with certain requirements to prevent, monitor and detect the use of their services for money laundering, proliferation financing, and terrorism financing.

The compliance obligations are:

- 1 IMTOs must adopt policies that clearly state their commitment to complying with the Regulations and obligations under existing laws, regulations, and regulatory directives.
- 2 IMTOs are mandated to conduct thorough KYC checks to verify the identity of their customers including both individuals and entities. This involves collecting sufficient information to establish the identity of the customer. Their agents must also verify the identity of the beneficiaries of foreign remittances before disbursement.
- 3 Assessing the risk associated with their customers and transactions initiated by these customers. For high-risk customers or transactions, IMTOs must apply enhanced due diligence measures to gather additional information and mitigate the heightened risk.



- 4 Formulation and implementation of robust internal controls and procedures designed to deter criminals from exploiting their services for financial crimes.
- 5 Complying with requests made under AML/CFT/CPF legislations and providing necessary information to regulatory bodies such as the CBN and Nigeria Financial Intelligence Unit (NFIU), as well as other competent authorities. They are required to submit statutory reports to these authorities as required by law and ensure that their operations do not enable customers to evade compliance with AML/CFT/CPF legislations.
- 6 Identifying, reviewing, recording, and reporting other potential areas of financial crimes that may not be covered by existing regulations.
- 7 Monitoring and ensuring that agents comply with AML/CFT/CPF requirements. This oversight includes periodic assessments of agents' AML/CFT/CPF measures and documenting the outcomes of these assessments.



- 8 Ensuring that their employees, agents, and other stakeholders clearly understand the AML/CFT/CPF program and their roles in maintaining compliance by organizing regular training and awareness programs to keep personnel informed about regulatory updates and best practices.
- 9 Keeping transaction records for a minimum period of 5 (five) years after a transaction in an information management system that facilitates efficient collection and processing of data for audit trails.
- 10 Submission of daily, weekly, and monthly returns to the Director, Trade and Exchange Department of the CBN and file suspicious transaction filing to the appropriate authority in the originating country not later than 24 hours after the transaction has been initiated.
- 11 IMTOs shall not process transactions that are split into multiple transactions to bypass the \$200 (Two Hundred United States Dollars) transaction limit.



IMTOs must appoint a dedicated compliance officer responsible for ensuring adherence to regulatory requirements and internal policies, particularly those related to AML and CFT.

Implications of Non-Compliance

One of the most significant risks of non-compliance with AML/CFT/CPF regulations is the damage to the IMTO's reputation. The legal consequences that IMTOs may face from non-compliance include:

1. Fines;
2. Suspension of operation of IMTO services;
3. Withholding of corporate approvals; and
4. Revocation of IMTO approval to operate in Nigeria.



Conclusion

For IMTOs operating in Nigeria, adhering to AML compliance requirements is not only a regulatory obligation but also a critical component of maintaining trust and integrity in the financial system. By implementing comprehensive AML measures in line with CBN guidelines and relevant legislation, IMTOs can mitigate risks, prevent financial crimes, and contribute to the stability and security of global financial transactions. As regulatory landscapes continue to evolve, IMTOs must remain vigilant and proactive in their compliance efforts to navigate the complexities of the financial industry effectively.

