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ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING IN NIGERIA: A LITERATURE-BASED ASSESSMENT OF ECONOMIC AND FINANCIAL CRIMES COMMISSIONS (EFCC) EFFECTIVENESS

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Abstract

Money laundering and terrorism financing pose significant threats to Nigeria's national security, economic stability, and governance structures. Despite major legal and policy reforms, particularly the enactment of the Money Laundering (Prevention and Prohibition) Act 2022 and the Terrorism (Prevention and Prohibition) Act 2022, Nigeria continues to face substantial implementation gaps that weaken its Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) regime. This paper presents a literature-based assessment of the effectiveness of the Economic and Financial Crimes Commission (EFCC) in combating money laundering and terrorism financing. Guided by Deterrence Theory, the review reveals that the EFCC has made notable progress in investigations, prosecutions, asset recovery, and financial intelligence, yet its overall effectiveness remains constrained by political interference, inadequate technological capacity, weak inter-agency collaboration, poor quality of Suspicious Transaction Reports, and judicial delays. The study identifies several gaps in the literature, particularly the limited focus on terrorism financing, non-financial sectors, and enforcement quality rather than conviction statistics. The paper concludes that while the EFCC plays a vital role in Nigeria's AML/CTF framework, significant reforms are required to strengthen operational capacity and institutional autonomy. It recommends enhanced investment in modern investigative technologies and improved inter-agency collaboration to promote a more coherent and effective national response to financial crime and terrorism financing.

Keywords: Money Laundering, Economic Stability, Anti-Money Laundering, Counter-Terrorism Financing

Introduction

Money laundering and terrorism financing constitute some of the most pressing threats to Nigeria's national security, economic development, and governance stability. As the largest economy in Africa with complex financial and informal sectors, Nigeria provides fertile ground for illicit financial flows arising from corruption,

organised crime, oil theft, cyber-fraud, tax evasion, human trafficking, and the operations of violent extremist groups such as Boko Haram, ISWAP, and various armed bandit networks. These activities generate substantial illegal proceeds that undermine state capacity, weaken institutions, distort economic planning, and sustain longstanding insecurity across the country (Aderinto & Adebayo, 2023; Chatham House,

2022). According to UNODC (2023), Nigeria loses billions of dollars annually through illicit financial flows, a trend that continues to impede growth and compromise the integrity of the financial system. In this context, the Economic and Financial Crimes Commission (EFCC), established in 2003 as Nigeria's foremost anti-corruption and financial-crime agency, has assumed a central role in the national response to financial crime and terrorism financing.

Over the last decade, Nigeria has undertaken significant legislative and policy reforms aimed at strengthening its Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) regime. The enactment of the Money Laundering (Prevention and Prohibition) Act 2022 and the Terrorism (Prevention and Prohibition) Act 2022 marked a major milestone in aligning the country's legal framework with global standards, particularly the 40 Recommendations issued by the Financial Action Task Force (FATF). These laws expanded the scope of predicate offences, strengthened reporting requirements for financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs), improved asset-forfeiture mechanisms, and enhanced inter-agency cooperation (GIABA, 2023). However, despite these reforms, Nigeria was placed on the FATF "grey list" in February 2023 due to identified strategic deficiencies in its AML/CFT system, including weaknesses in beneficial-ownership transparency, supervision of high-risk sectors, targeted financial sanctions, and the effective use of financial intelligence (FATF, 2023). This listing reflected long-standing implementation gaps that have undermined the full operationalisation of Nigeria's legal provisions.

Amid these challenges, the EFCC continues to play a pivotal role in detecting, investigating, and prosecuting money-laundering and terrorism-financing cases. Recent reports show a significant improvement in enforcement outcomes, with the commission securing more than 3,700 convictions in 2022, the highest in its history, alongside record levels of asset recovery and increased use of digital forensic tools (EFCC Annual Report, 2023). The EFCC has also strengthened cooperation with international partners such as the

Federal Bureau of Investigation (FBI), the United Kingdom's National Crime Agency (NCA), and INTERPOL, particularly in addressing cyber-enabled fraud and complex transnational money-laundering schemes (Ogunlade, 2022). These developments reflect a growing institutional capacity and a more sophisticated investigative environment. Yet, scholars argue that the commission's effectiveness remains constrained by systemic weaknesses, including political interference, inadequate funding, slow judicial processes, poor case management, and the inconsistency of convictions for high-profile offenders (Ojo, 2021; Adebajo, 2022). These constraints raise questions about the long-term sustainability of EFCC's achievements and the credibility of Nigeria's anti-corruption agenda.

The financing of terrorism remains an especially sensitive and under-researched dimension of Nigeria's AML/CFT challenges. Investigations by the EFCC and the Nigerian Financial Intelligence Unit (NFIU) have revealed that terrorist groups obtain funding from diverse sources, including kidnapping-for-ransom, illegal mining, extortion, smuggling, and foreign extremist networks (NFIU, 2023). Despite these insights, empirical research indicates that Nigeria still struggles to trace, monitor, and disrupt the financial flows sustaining terrorist activity, particularly in rural, remote, and cash-based communities where formal financial oversight is limited (Amana & Okoye, 2022). The integration of financial intelligence into broader national security and counterterrorism strategies also remains insufficient, reducing the ability of law enforcement agencies to dismantle terrorist financing networks effectively. These gaps underscore the need for a coordinated, intelligence-driven, and institutionally supported approach to AML/CFT implementation.

Scholarly assessments of EFCC's performance often converge around three main analytical perspectives. The first is the legal-institutional perspective, which evaluates whether the existing statutes, such as the 2022 AML and terrorism-prevention laws, provide adequate authority and operational powers for EFCC to carry out

its mandate. While many scholars agree that Nigeria now possesses one of the most comprehensive AML/CFT legal frameworks in West Africa, they argue that enforcement is still inconsistent and weakened by institutional bottlenecks (Olojede & Ahmed, 2023). The second perspective centres on operational effectiveness, focusing on EFCC's investigative techniques, use of technology, quality of financial intelligence, inter-agency collaboration, and availability of human and material resources. Although the agency has recorded improvements in digital forensics and intelligence gathering, it still faces challenges relating to inadequate manpower, funding constraints, and sometimes poor coordination with other security institutions (Ekeh, 2022). The third perspective adopts a political-economy lens, highlighting issues of elite interference, selective prosecution, corruption within government systems, and the broader legitimacy problems that arise when anti-corruption efforts appear politicised (Sahara & Musa, 2023).

International evaluation reports reinforce these scholarly perspectives. FATF's 2023 grey-listing report acknowledged Nigeria's progress but stressed the need for further improvements in areas such as beneficial-ownership transparency, supervision of DNFBPs, investigation of terrorism-financing cases, and enforcement of targeted financial sanctions (FATF, 2023). GIABA's 2023 follow-up report similarly emphasised the importance of strengthening the strategic utilisation of Suspicious Transaction Reports (STRs), enhancing investigative timelines, improving the traceability of illicit assets, and ensuring that financial intelligence leads to measurable law-enforcement outcomes (GIABA, 2023). These findings highlight the importance of evaluating EFCC's effectiveness not merely through conviction statistics but also through the broader institutional, legal, operational, and governance environments influencing its performance. In this context, this seminar paper provides a literature-based assessment of the effectiveness of the EFCC in combating money laundering and terrorism financing in Nigeria.

Conceptual Clarification

Money Laundering

Money laundering has been widely conceptualised in academic and policy literature as a complex financial crime through which individuals or organisations conceal the illicit origin of proceeds derived from criminal activities. According to the Financial Action Task Force (FATF, 2023), money laundering involves "processing the proceeds of crime to disguise their illegal origin to legitimise them for use in the formal economy." This definition, though broad, captures the fundamental purpose of money laundering: to transform "dirty" money generated through unlawful activities into seemingly legitimate assets that can circulate freely within the financial system. Scholars generally agree that money laundering is an enabling crime because it facilitates a wide range of predicate offences such as corruption, drug trafficking, illegal oil bunkering, cybercrime, kidnapping, arms smuggling, fraud, and tax evasion (Aderinto & Adebayo, 2023; Ede & Ojo, 2021).

The literature typically describes money laundering as a three-stage process comprising placement, layering, and integration. In the placement stage, illicit proceeds are introduced into the financial system, usually through cash deposits, smurfing, trade-based manipulation, or the purchase of high-value assets. The layering stage involves complex transactions designed to obscure the trail of funds, including rapid fund transfers, cryptocurrency exchanges, shell companies, offshore accounts, and false invoicing. Finally, during the integration stage, the laundered funds re-enter the legitimate economy as clean, usable wealth, often invested in real estate, luxury goods, legitimate businesses, or political financing (Goredema, 2022; NFIU, 2023). Although these stages provide a conceptual framework, modern money laundering is rarely linear—digital technology and globalisation now enable simultaneous and automated laundering across multiple jurisdictions.

Recent studies emphasise that the concept of money laundering has evolved in response to technological innovation and the rise of digital finance. The emergence of cryptocurrencies, fintech platforms, virtual asset service providers, and decentralised

finance has created new avenues for laundering illicit funds (Ogunlade, 2022). While these innovations facilitate legitimate commerce, they also increase anonymity, reduce regulatory oversight, and facilitate the movement of funds across borders in ways that challenge traditional AML controls. The Nigerian Financial Intelligence Unit (NFIU, 2023) has documented significant increases in cyber-enabled laundering, particularly involving romance scams, online fraud syndicates, cryptocurrency mixers, and cross-border digital transfers. Consequently, contemporary definitions of money laundering increasingly incorporate both physical cash-based laundering and digital/crypto-based laundering.

Another important dimension highlighted in the literature is the macro-level impact of money laundering on national development, governance, and security. Researchers argue that money laundering erodes financial integrity, distorts competition, weakens investment climates, undermines fiscal capacity, and contributes to state fragility (Olojede & Ahmed, 2023; GIABA, 2023). In the Nigerian context, money laundering is closely tied to systemic corruption and the political economy of oil, where illicit proceeds from oil theft, illegal mining, and political racketeering are routinely recycled into legitimate businesses and electoral processes. These dynamics reinforce elite capture, expand organised crime networks, and weaken the rule of law.

The concept of money laundering is therefore not merely a financial issue but a multi-dimensional phenomenon that intersects with political, economic, and security structures. Scholars such as Sahara and Musa (2023) emphasise that effective understanding of money laundering requires analysing its drivers within broader governance environments, including weak regulation, institutional corruption, porous borders, and cash-dominant informal economies. In Nigeria, these structural factors continue to enable the recycling of illicit proceeds despite the existence of robust AML laws, reflecting the gap between legal frameworks and practical enforcement.

Furthermore, the literature shows that money laundering is a dynamic and evolving crime driven by globalisation, technological change, and systemic governance weaknesses. Its conceptualisation has expanded beyond basic definitions of concealing illicit funds to include digital laundering, terrorist financing, economic destabilisation, and political corruption. This broader understanding is essential for evaluating the effectiveness of agencies such as the EFCC in confronting money laundering within Nigeria's complex financial and political landscape.

Terrorism Financing

Terrorism financing is widely recognised in contemporary scholarship as a critical global security threat that enables terrorist organisations to plan, recruit, procure weapons, sustain operations, and expand ideological influence. The Financial Action Task Force (FATF, 2023) defines terrorism financing as the “provision or collection of funds, by any means, directly or indirectly, with the intention or knowledge that they will be used to carry out terrorist acts, maintain terrorist organisations or support individual terrorists.” This definition is intentionally broad because terrorist groups rely on both licit and illicit sources of funding, making detection increasingly difficult. Unlike money laundering, where the primary objective is to conceal the illegal origin of funds, terrorism financing may involve funds from legal sources such as donations, charities, and legitimate businesses. This distinction underscores the complexity of combating terrorism financing, as not all funds used for terrorist activities are proceeds of crime (Amana & Okoye, 2022).

Scholars generally conceptualise terrorism financing along two main dimensions: funding from illicit sources and funding from legitimate sources. Illicit sources include activities such as kidnapping-for-ransom, smuggling, drug trafficking, arms dealing, illegal mining, and extortion—all of which are prevalent in Nigeria and the wider Sahel region. Recent studies indicate that terrorist groups in Nigeria, including Boko Haram and the Islamic State West Africa Province (ISWAP), derive substantial funding from ransom payments, cattle rustling, taxation of local communities,

proceeds of artisanal mining, and cross-border smuggling (Chatham House, 2022; NFIU, 2023). Legitimate sources, on the other hand, may include charitable donations, foreign ideological sponsorship, community support, or contributions channelled through non-profit organisations. These legitimate streams, though legal at origin, become illegal when used to finance terrorism.

The process of terrorism financing often mirrors money-laundering typologies, including fundraising, fund movement, and fund utilisation. During the fundraising phase, terrorist organisations acquire resources through donations, extortion, racketeering, or crime. The fund movement phase involves the transfer of money through formal and informal systems such as banks, cash couriers, hawala networks, mobile money, cryptocurrency platforms, and underground remittance channels. Finally, the fund utilisation phase includes spending on weapons, logistics, propaganda, recruitment, and welfare of members (Ogunlade, 2022). The increasing use of digital financial platforms and cryptocurrencies has complicated these processes, providing anonymity and speed to terrorist financiers.

A growing body of literature highlights the role of cash-based economies in enabling terrorism financing, particularly in developing countries. Nigeria, where a large proportion of economic transactions occur outside the formal banking system, presents an enabling environment for terrorist groups to transact anonymously. Studies show that unbanked populations, porous borders, and weak documentation systems limit the capacity of law-enforcement agencies to trace financial flows associated with extremist networks (Aderinto & Adebayo, 2023). For instance, Amana and Okoye (2022) argue that terrorist financing networks in Nigeria exploit informal value transfer systems such as hawala, where transactions leave no digital trail and rely heavily on trust-based relationships.

Terrorism financing has significant implications for national security, governance, and economic stability. Scholars contend that financial flows are the lifeblood of terrorist activities; disrupting them weakens operational capacity, limits recruitment, reduces access

to weapons, and undermines the sustainability of extremist groups (Sahara & Musa, 2023). For Nigeria, terrorism financing fuels insecurity in the North-East, North-West, and North-Central regions, contributing to mass displacement, economic disruption, and loss of investor confidence. The Nigerian Financial Intelligence Unit (NFIU, 2023) observes that terrorist financing networks often overlap with organised criminal syndicates, suggesting that terrorism and criminality are interlinked rather than distinct phenomena.

Furthermore, the literature emphasises the importance of a comprehensive national response to terrorism financing, comprising robust legal frameworks, intelligence gathering, inter-agency cooperation, and international collaboration. The enactment of the Terrorism (Prevention and Prohibition) Act 2022 significantly expanded Nigeria's legal capacity to detect, trace, and freeze terrorism-related assets. However, scholars argue that weak enforcement mechanisms, gaps in financial intelligence integration, and persistent institutional corruption continue to hinder effective implementation (Olojede & Ahmed, 2023; GIABA, 2023). This underscores the difficulty of dismantling terrorism financing networks within contexts marked by governance challenges and widespread informal economic activity.

Thus, terrorism financing is a multidimensional phenomenon that draws on both legitimate and illegitimate funding sources, thrives in environments with weak regulatory oversight, and increasingly utilises digital technologies to evade detection. Understanding these dynamics is essential for assessing the role and effectiveness of the Economic and Financial Crimes Commission (EFCC) in combating terrorism financing within Nigeria's broader AML/CFT landscape.

Empirical Review

In a study, Ogbeidi (2021) examined the EFCC's institutional capacity using surveys and documentary evidence, finding that the agency has gradually strengthened its investigative procedures but still

operates under serious resource constraints. His results show that inadequate funding, limited forensic tools, and political interference significantly weaken operational efficiency. Respondents noted that case backlogs remain high and often delay prosecution. The study also found a gap between policy aspirations and actual enforcement practice. Although the EFCC has improved public awareness of money-laundering risks, its internal systems remain partially outdated. The research suggests that greater autonomy and technological investment would enhance effectiveness. Overall, the study concludes that EFCC's impact is positive but not optimal. These findings highlight the structural barriers to sustained AML/CTF enforcement in Nigeria. The study recommends reforms in funding and political insulation.

Also, Abdulrasheed (2020) analysed EFCC conviction data over a decade and reported that the Commission achieved steady increases in arrests, investigations, and convictions for money laundering and fraud-related offences. His statistical review shows that cybercrime and advance-fee fraud dominate the EFCC's caseload. However, high-profile corruption cases involving politically exposed persons demonstrated slow progress and lengthy trials. This disparity indicates selective efficiency, with faster resolution of small and medium-level crimes compared to major corruption-related laundering. Abdulrasheed observed that improved training and inter-agency cooperation contributed to rising conviction rates. Nonetheless, he argues that institutional weaknesses in the judiciary undermine EFCC's enforcement success. The study concludes that enforcement outcomes are improving, but uneven. His findings stress the need for judicial reforms. Overall, the research portrays a partially effective AML framework.

In another study, Eze (2019) assessed the influence of EFCC enforcement on AML compliance within Nigerian banks using data from compliance officers. His results show that banks have significantly strengthened Know-Your-Customer procedures and enhanced transaction monitoring due to EFCC pressure. Suspicious Transaction Reports increased during the

study period, reflecting improved internal surveillance. However, respondents noted persistent weaknesses such as inadequate automation, weak internal controls, and poor staff training. Many banks still struggle to detect complex layering schemes, limiting their ability to support EFCC investigations. The study also reported a lack of consistent feedback from regulators, which discourages proactive compliance. Eze concludes that while AML compliance is improving, it is not uniformly strong. His findings emphasise the need for capacity building. The study highlights the EFCC's indirect role in shaping financial-sector behaviour.

Further, Omoregie (2022) evaluated the quality and usefulness of Suspicious Transaction Reports (STRs) submitted to the NFIU and shared with the EFCC for investigation. His findings show that although the volume of STRs increased, many reports lacked detailed narratives or supporting documentation. This weakens their investigative value and slows down enforcement processes. Respondents from the investigative community expressed concern about low analytical quality in many submissions. The study found that banks often adopt a "tick-box" approach to compliance rather than genuine risk-based reporting. Omoregie argues that poor feedback from law enforcement contributes to this pattern. The research concludes that improved training for compliance officers is essential for better-quality intelligence. It also calls for stronger collaboration between regulators and enforcement agencies. Overall, STRs assist EFCC operations but remain underutilised due to quality gaps.

Again, Usman and Ibrahim (2020) investigated EFCC's efforts in counter-terrorism financing using case analysis and interviews with security personnel. Their study shows that the EFCC has made progress in tracking bank-based transactions linked to terrorist groups, especially through enhanced cooperation with the NFIU. However, the agency struggles with detecting informal financial flows such as cash couriers, hawala networks, and cross-border smuggling routes. Respondents highlighted weak intelligence-sharing between EFCC and military agencies, reducing the effectiveness of terrorism-financing investigations. The

study also found that limited technical capacity restricts EFCC's ability to analyse complex financial patterns. Usman and Ibrahim conclude that while EFCC has contributed to disrupting formal financial channels of terrorists, major gaps remain. Their findings underscore the need for deeper inter-agency collaboration. They also recommend specialised training in terrorism-financing analytics.

Furthermore, Nwankwo (2018) examined the challenges facing EFCC in prosecuting high-profile corruption and money-laundering cases using court records and interviews. His findings indicate that politically exposed persons often exploit legal technicalities to delay trials through repeated adjournments and interlocutory appeals. These delays weaken the deterrent value of EFCC prosecutions. The study also observed that witness intimidation and weak prosecutorial resources contribute to slow case progression. In contrast, low-level cybercrime cases were resolved more quickly due to simpler evidence structures. Nwankwo argues that judicial inefficiencies remain a major barrier to effective AML enforcement. The findings show that EFCC's success is highly dependent on court cooperation. He concludes that reforms in the judicial process are essential for improving prosecution outcomes. The study reveals systemic barriers beyond EFCC's control.

Theoretical Framework

Deterrence Theory

Deterrence Theory, originally formulated by Becker (1968) within the economics of crime tradition, posits that individuals are rational actors who assess the potential benefits of committing a crime against the likelihood and consequences of punishment. The theory argues that crime occurs when offenders perceive that the expected rewards outweigh the risks of detection and sanction (Becker, 1968; Gibbs, 1975). Thus, criminal behaviour is shaped by the interplay of incentives and constraints, and increasing the costs—through effective enforcement—reduces the attractiveness of engaging in unlawful acts. Deterrence Theory has since been widely applied in criminology

and financial crime scholarship to explain why individuals or organisations choose to comply with regulations.

Deterrence Theory is relevant to anti-money laundering and counter-terrorism financing because these crimes require complex decision-making, often influenced by perceived enforcement strength. In the Nigerian context, the EFCC contributes to deterrence by increasing the certainty, swiftness, and severity of punishment through investigations, arrests, prosecutions, and asset forfeitures. When perpetrators observe consistent sanctions for money laundering, corruption, or terrorism financing, the perceived risks rise, discouraging potential offenders (Nwankwo, 2018; Abdurashed, 2020). The EFCC's ability to detect illicit transactions, secure convictions, and impose penalties therefore, aligns with the deterrence model's emphasis on raising the cost of criminal behaviour.

Deterrence Theory provides a useful analytical lens for evaluating EFCC effectiveness. When enforcement actions are timely, consistent, and impartial, they strengthen deterrence and reduce opportunities for illicit financial activities. Conversely, where judicial delays, political interference, or limited investigative tools weaken the certainty or severity of punishment, offenders may view money laundering and terrorism financing as low-risk ventures (Ogbeidi, 2021; Usman & Ibrahim, 2020). This study adopts Deterrence Theory to assess whether EFCC's current enforcement practices generate adequate deterrent effects capable of curbing financial crimes and improving Nigeria's overall AML/CTF performance.

Routine Activity Theory

Routine Activity Theory, proposed by Cohen and Felson (1979), explains crime as the outcome of the convergence of three key elements: a motivated offender, a suitable target, and the absence of capable guardianship. The theory argues that criminal opportunities increase in environments where offenders have access to weakly monitored systems, vulnerable institutions, and sectors lacking effective surveillance. In the context of financial crimes, money laundering

and terrorism financing thrive when oversight systems, such as financial institutions, regulatory bodies, and enforcement agencies, function as weak guardians. Studies applying this theory to financial crime note that inadequate monitoring, insufficient inter-agency collaboration, and poor regulatory compliance create ideal conditions for illicit financial flows (Felson & Clarke, 1998). For Nigeria, weak financial controls, informal cash-based systems, and gaps in institutional coordination provide opportunities that motivated offenders exploit to launder proceeds of crime or finance terrorism.

Routine Activity Theory is relevant to the EFCC because it highlights the importance of increasing “capable guardianship.” This includes improving surveillance systems, strengthening financial intelligence, enhancing AML compliance, and ensuring that agencies such as the EFCC, NFIU, and CBN work cohesively. When guardianship is strong, targets become less suitable, and opportunities for crime are reduced. Conversely, when institutional capacity is weak, criminals face minimal obstacles, increasing the occurrence of money laundering and terrorism financing.

Although Routine Activity Theory provides useful insights into environmental opportunities for financial crime, this paper adopts Deterrence Theory as its primary theoretical foundation. Deterrence Theory is more suitable because it directly aligns with the study’s focus on evaluating the effectiveness of the EFCC. Since the EFCC’s mandate centers on investigations, arrests, prosecutions, and sanctions, Deterrence Theory provides a clearer explanation of how enforcement outcomes influence offender behaviour. By examining whether EFCC actions increase the certainty, swiftness, and severity of punishment, the study can meaningfully assess the agency’s impact on reducing money laundering and terrorism financing in Nigeria.

Gaps in the Literature

Despite the growing body of research on anti-money laundering and counter-terrorism financing in Nigeria, several gaps remain evident. First, most existing studies

focus heavily on general corruption and cybercrime, while only a limited number specifically examine the EFCC’s effectiveness in combating terrorism financing, which is a more complex and under-researched area. Secondly, many empirical works emphasize conviction statistics and asset recovery figures, but they rarely assess the quality of enforcement, such as the timeliness of prosecutions, prosecutorial challenges, or the long-term deterrent effects of EFCC actions. This creates a gap in understanding the real impact of EFCC activities beyond raw numbers.

Furthermore, much of the literature addresses AML compliance within the banking sector but pays insufficient attention to non-financial sectors, such as real estate, legal practitioners, and dealers in precious stones, which are globally recognized as high-risk channels for money laundering. Another gap is the limited examination of how political interference, judicial delays, and institutional coordination problems shape the EFCC’s operational performance. Finally, only a few studies integrate theoretical perspectives, such as deterrence theory, into their assessment of EFCC effectiveness, resulting in fragmented explanations of enforcement outcomes. These gaps collectively justify the need for a focused literature-based assessment of EFCC’s effectiveness in AML/CTF efforts in Nigeria.

Conclusion

The literature reviewed shows that the Economic and Financial Crimes Commission (EFCC) remains a central institution in Nigeria’s fight against money laundering and terrorism financing. Existing empirical studies consistently indicate that the EFCC has made notable progress in areas such as investigations, arrests, prosecutions, asset recovery, and financial intelligence coordination. These efforts have strengthened deterrence, enhanced compliance within the financial sector, and contributed to increased public awareness of financial crime risks. However, the literature also reveals persistent challenges that undermine the Commission’s overall effectiveness. Issues such as political interference, weak inter-agency collaboration, poor quality of suspicious transaction reports, limited

technological capacity, and significant judicial delays reduce the certainty and swiftness of punishment, key principles of deterrence theory.

Furthermore, the reviewed studies highlight that while EFCC performs relatively well in combating cybercrime and routine financial fraud, its effectiveness in tackling complex and high-level money-laundering networks, as well as terrorism financing, remains limited. Non-financial sectors, which serve as major channels for illicit financial flows, are still poorly regulated and underexplored in scholarly research. These realities suggest that Nigeria's AML/CTF framework requires stronger institutional support, improved regulatory oversight, and better coordination to achieve sustainable results. In conclusion, although the EFCC plays a vital role in safeguarding Nigeria's financial system, significant reforms and capacity enhancements are needed for the agency to fully fulfill its mandate and effectively curb money laundering and terrorism financing in the country.

Recommendations

The paper recommends as following

- i. There is a need for significant investment in modern investigative tools that will enhance the EFCC's ability to track, analyse, and disrupt complex money-laundering and terrorism-financing schemes. Many of the challenges identified in the literature—such as poor

forensic capacity, outdated equipment, and reliance on manual processes—limit the agency's ability to follow financial trails, monitor suspicious transactions, and identify sophisticated laundering networks. Government and relevant stakeholders should therefore provide advanced digital forensics, data analytics platforms, integrated databases, and secure intelligence-sharing systems. This will not only improve the quality and speed of investigations but also increase the certainty of detection, a core component of deterrence theory.

- ii. Effective AML/CTF enforcement requires seamless cooperation between the EFCC and other institutions such as the NFIU, CBN, DSS, Police, Immigration, Customs, and the judiciary. The literature shows that fragmentation, bureaucratic rivalry, and weak communication channels hinder the timely flow of intelligence and disrupt joint investigations. Establishing stronger formal frameworks, such as joint task forces, unified databases, and regular inter-agency strategy sessions, would enable quicker and coordinated responses to financial crimes. Equally important is the need to limit political interference in EFCC operations. Political influence weakens institutional credibility, encourages selective prosecution, and reduces the deterrent impact of enforcement actions.

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