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## EVALUATING THE IMPACT OF ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC) ANTI-MONEY LAUNDERING (AML)/COMBATING THE FINANCING OF TERRORISM (CFT) ENFORCEMENT ON FINANCIAL CRIME REDUCTION IN NIGERIA: AN EMPIRICAL STUDY

**Alkali Mubarak**

Institute of Governance and Development Studies, Nasarawa State University, Keffi

**Andrew E. Zamani, PhD**

Institute of Governance and Development Studies, Nasarawa State University, Keffi

**Usman A. Yusuf, PhD**

Institute of Governance and Development Studies, Nasarawa State University, Keffi

### Abstract

*This study evaluated the impact of the Economic and Financial Crimes Commission's (EFCC) Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) enforcement on Nigeria's mutual evaluation outcomes and examined challenges affecting effective implementation. A descriptive survey research design was adopted, with the population comprising 1,523 staff of the EFCC Headquarters (HQ). Using the Krejcie and Morgan sample size determination table, a sample size of 307 was derived; however, 279 valid responses were retrieved and analyzed. Data were collected through structured questionnaires and Key Informant Interviews (KII). Descriptive statistics (frequency and percentage) and inferential analysis (multiple and simple regression) were employed for quantitative data analysis, while interview responses were analyzed thematically to complement the survey findings. Results revealed that EFCC's AML/CFT enforcement activities, investigations, prosecutions, and collaboration with relevant stakeholders were perceived to have positively improved Nigeria's mutual evaluation performance and AML/CFT effectiveness rating. However, the findings also showed that inadequate funding and logistics, political interference and corruption, and weak inter-agency cooperation and information sharing significantly hinder EFCC's effectiveness in combating money laundering and terrorism financing. The paper concludes that although EFCC plays a critical role in strengthening Nigeria's AML/CFT regime, addressing institutional and operational constraints is essential for sustaining enforcement outcomes and improving national and international AML/CFT effectiveness. The paper recommends enhanced funding and logistics support, improved institutional independence, and stronger inter-agency collaboration to strengthen Nigeria's fight against financial crime.*

**Keywords:** Economic, EFCC, Anti-Money Laundering, Countering Financing of Terrorism

### Introduction

Money laundering and the financing of terrorism remain among the most critical global threats to security, governance, and economic stability. Money laundering enables offenders to disguise the proceeds of unlawful

activities and integrate them into legitimate financial systems, thereby weakening financial integrity and supporting organised criminal networks (Chitimira & Oyesola, 2023). Although often associated with the contemporary era, money laundering has existed for

decades, with its traces identified as early as the 1920s and 1930s across different parts of the world. Its persistence and expansion have made it one of the most serious transnational crimes, especially due to its ability to facilitate complex and hidden financial transactions (Yusoff et al., 2023). Despite being wrongly perceived as a victimless crime, money laundering is connected to violent and exploitative criminal activities such as large-scale drug trafficking and human trafficking (Publication, 2023).

Closely intertwined with money laundering is terrorism financing, as both crimes often share channels, methods, and criminal networks. Umar (2024) notes that organised crimes such as money laundering, drug trafficking, kidnapping, terrorism, and terrorism financing are strongly interconnected, creating a cycle where illicit proceeds fuel further violence and criminality. Terrorist activities are frequently used as mechanisms to raise illegal funds, which are later laundered to conceal their origins and then reused to sustain further terrorist operations. This pattern demonstrates that money laundering and terrorism financing do not merely coexist; rather, they reinforce one another through a continuous flow of illicit funds, which intensifies insecurity and undermines social and economic development (Umar, 2024).

Terrorism itself is a complex concept with varying definitions, but the United Nations provides a comprehensive position by explaining that terrorism refers to acts intended to cause death or serious injury to civilians or non-combatants, to intimidate a population or compel a government or international organisation to act or refrain from acting (UN Security Council Resolution 1566, 2004). This definition captures the broader intention of terrorism beyond physical violence, emphasizing its political, psychological, and social dimensions. Consequently, terrorism financing becomes particularly dangerous because it supplies the resources required to plan, coordinate, and execute such acts. Thus, combating terrorism effectively requires disrupting the financial foundations that sustain it, which explains why the global AML/CFT agenda treats terrorism financing

as a priority alongside money laundering control (UN Security Council Resolution 1566, 2004).

Further, the increasing threat posed by money laundering and terrorism financing has strengthened the adoption of AML/CFT frameworks, especially from the late twentieth century when financial crimes became widely recognised as threats to economic stability. Patience and Toluwalase (2024) observed that global anti-money laundering legislation began to develop more strongly in the late twentieth century, particularly after the establishment of the Financial Action Task Force (FATF) in 1989. The FATF remains a leading intergovernmental body that promotes global standards through its recommendations aimed at protecting the financial system from money laundering and terrorist financing (FATF, 2022). Although Sub-Saharan African nations began to implement AML laws in the 1990s, the extent of implementation differed across countries due to variations in institutional capacity, political will, and economic strength (Patience & Toluwalase, 2024).

Furthermore, money laundering and terrorism financing remain major threats to national security and economic development due to factors such as porous borders, weak institutional capacity, and evolving criminal networks. Umar (2023) argues that these vulnerabilities contribute significantly to the growing trends of terrorism financing and money laundering in Nigeria, thereby weakening economic progress and security. Supporting this, Chitimira and Oyesola (2023) documented that Nigeria was ranked third in the Global Terrorism Index with a score of 8.6 out of 10, highlighting the intensity of terrorism-related insecurity. In response, Nigeria has strengthened its legal framework through reforms such as the Money Laundering (Prevention and Prohibition) Act, 2022, and the Terrorism (Prevention and Prohibition) Act, 2022, both aimed at aligning Nigeria's AML/CFT regime with global standards, particularly FATF's recommendations (FATF, 2022). The paper seeks to examine the Impact of EFCC's AML/CFT Enforcement on Financial Crime Reduction in Nigeria: An Empirical Study.

### **Statement of the problem**

Money laundering and terrorism financing have continued to constitute serious global and national threats because they sustain criminal enterprises, weaken governance, and undermine economic development. Empirically, the United Nations Office on Drugs and Crime (UNODC) notes that illicit financial flows remain a major challenge to national economies, and in Nigeria specifically, annual illicit financial flows have been estimated at USD 15–18 billion, creating sustained economic strain and reducing resources available for national development (UNODC, 2023). This reality demonstrates that money laundering is not merely a legal concept but an economic and governance crisis, as such enormous hidden flows reflect persistent vulnerabilities in the national financial system and the broader control environment.

Beyond economic losses, Nigeria's experience shows that illicit finance is also directly linked to insecurity and terrorism-related outcomes. Internationally, terrorism and the financing of terrorism remain key threats, and Nigeria is among the countries heavily impacted by this challenge. Evidence from the Global Terrorism Index indicates persistent terrorism pressures across affected states, reinforcing the fact that terrorism financing is not a theoretical concern but a practical channel sustaining insecurity and instability (Institute for Economics & Peace, 2024). This supports scholarly arguments that terrorism financing interacts with money laundering mechanisms because illicit funds are raised, concealed, transferred, and reintegrated into operational cycles through laundering techniques, particularly in high-risk environments where informal systems and cash-based transactions remain widespread.

Despite these challenges, Nigeria has demonstrated increasing enforcement actions in financial crime control, particularly through the Economic and Financial Crimes Commission (EFCC). For example, official enforcement outcomes reported in widely cited records indicate that the EFCC secured 3,785 convictions in 2022, representing one of its highest annual conviction performances and reflecting intensified prosecution activities (Premium Times, 2023). Additionally, publicly available longitudinal conviction records show rising

EFCC conviction figures over time, suggesting greater institutional attention toward prosecuting financial crimes (TransparencIT, 2022). However, the continued existence of widespread illicit financial flows and persistent financial crime typologies raises a critical empirical concern: whether high conviction numbers alone translate into systemic reduction of money laundering, terrorist financing, and broader financial crime risks across Nigeria's economic space. Therefore, the major problem motivating this paper is the insufficient empirical clarity on whether EFCC AML/CFT enforcement has produced a measurable reduction in financial crime in Nigeria, particularly within the period 2012–2022.

The study comes up with the following objectives.

- i. Assess the impact of EFCC's Anti-Money Laundering and Countering Financing of Terrorism efforts on Nigeria's mutual evaluation.
- ii. Analyze the challenges affecting EFCC's efforts on Anti-Money Laundering and Countering Financing of Terrorism in Nigeria

The following null hypotheses guided the study.

- i.  $H_{01}$ : EFCC's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) efforts have no statistically significant impact on Nigeria's mutual evaluation outcomes.
- ii.  $H_{02}$ : The challenges affecting EFCC's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) efforts have no statistically significant effect on the effectiveness of AML/CFT implementation in Nigeria.

## Methodology

This paper adopted a descriptive survey research design to evaluate the impact of EFCC's AML/CFT enforcement on financial crime reduction in Nigeria. The population comprised 1,523 staff of the EFCC Headquarters (HQ), while the sample size was determined using the Krejcie and Morgan sample size

determination table, which yielded an appropriate sample of 307 respondents. Data were collected using a structured questionnaire administered to the sampled respondents and a semi-structured interview guide to obtain in-depth information from selected key informants. Quantitative data were analyzed using descriptive statistics (frequency, percentage, mean, and standard deviation) and inferential statistics, specifically simple and multiple regression analysis, to determine the extent to which EFCC AML/CFT enforcement predicts financial crime reduction, while the interview data were analyzed using thematic analysis to complement and support the quantitative findings.

## Results and Discussion

### Objective I: Impact of EFCC AML/CFT Efforts on Nigeria's Mutual Evaluation

This section presents the analysis of responses, which examines the impact of EFCC's Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) efforts on Nigeria's mutual evaluation outcomes. The mutual evaluation process is an important assessment mechanism used to determine a country's level of compliance and effectiveness in implementing AML/CFT standards.

**Table 1: Respondents' views on EFCC's AML/CFT enforcement activities have improved Nigeria's performance in international mutual evaluation assessments.**

Response	Frequency (f)	Percentage (%)
SA	90	32.3
A	110	39.4
U	30	10.8
D	28	10.0
SD	21	7.5
<b>Total</b>	<b>279</b>	<b>100.00</b>

*Source: Fieldwork, 2025*

Table 1 presents respondents' views on whether EFCC's AML/CFT enforcement activities have improved Nigeria's performance in international mutual evaluation assessments. Out of the 279 respondents, 90 (32.3%) strongly agreed, and 110 (39.4%) agreed, indicating that a majority of respondents (n = 200; 71.7%) expressed a positive perception of EFCC's contribution to Nigeria's mutual evaluation performance. However, 30 respondents (10.8%) were undecided, while 28 (10.0%) disagreed and 21 (7.5%) strongly disagreed, showing that 49

respondents (17.5%) held a negative view regarding EFCC's impact. Overall, the distribution suggests that respondents largely believe EFCC's AML/CFT enforcement activities have contributed to improving Nigeria's mutual evaluation outcomes. This finding implies that EFCC's enforcement actions, such as investigations, prosecutions, stakeholder collaboration, and compliance monitoring, are perceived as strengthening Nigeria's AML/CFT system and enhancing the country's reputation in international assessments.

**Table 2: Respondents' views on whether EFCC investigations and prosecutions have contributed significantly to Nigeria's compliance with AML/CFT requirements.**

Response	Frequency (f)	Percentage (%)
SA	82	29.4
A	115	41.2
U	35	12.5
D	27	9.7

SD	20	7.2
<b>Total</b>	<b>279</b>	<b>100.00</b>

*Source: Fieldwork, 2025*

Table 2 shows respondents' views on whether EFCC investigations and prosecutions have contributed significantly to Nigeria's compliance with AML/CFT requirements. Out of the 279 respondents, 82 (29.4%) strongly agreed and 115 (41.2%) agreed, indicating that a substantial proportion of respondents (n = 197; 70.6%) perceived EFCC's investigations and prosecutions as having a significant positive contribution to Nigeria's AML/CFT compliance. Meanwhile, 35 respondents (12.5%) were undecided, suggesting uncertainty among some respondents about the extent of EFCC's contribution. In contrast, 27 respondents (9.7%) disagreed and 20 (7.2%) strongly disagreed, showing that 47 respondents (16.9%) expressed a negative perception. Overall, the findings suggest that most respondents believe EFCC's investigative and prosecutorial actions contribute meaningfully to strengthening Nigeria's compliance with AML/CFT standards. This result implies that EFCC investigations and prosecutions serve as important enforcement tools for enhancing Nigeria's AML/CFT compliance by strengthening deterrence and ensuring accountability. The high proportion of respondents in agreement suggests that enforcement activities may improve compliance behaviour among reporting entities and support Nigeria's credibility during international assessments.

KII 1 (Senior EFCC Officer / Enforcement Unit)

*"EFCC investigations and prosecutions send strong signals to the public and financial*

*institutions that money laundering cases will be pursued seriously, and this improves compliance behaviour." (Interview conducted on (2025), at EFCC Headquarters, Abuja, Nigeria.)*

Another key stakeholder, drawn from the AML/CFT compliance and evaluation environment, noted that the contribution of EFCC goes beyond arrest records; it lies in its ability to demonstrate enforcement outcomes that international evaluators consider essential in assessing national AML/CFT effectiveness. The informant explained that mutual evaluation focuses strongly on whether a country can show evidence of successful investigations, prosecutions, convictions, and asset recovery. The stakeholder further clarified that higher prosecution and conviction performance, particularly on money laundering-related cases, strengthens Nigeria's ability to demonstrate enforcement effectiveness and improves the country's credibility under global AML/CFT monitoring standards.

KII 2 (AML/CFT Compliance Stakeholder / Financial Intelligence & Regulation)

*"The increase in prosecution and conviction rates has helped Nigeria demonstrate enforcement outcomes, which is a key requirement in assessing AML/CFT compliance at the international level." (Interview conducted on (2025) at (EFCC Headquarters, Abuja, Nigeria)*

**Table 3: Respondents' views on whether EFCC's collaboration with relevant stakeholders has enhanced Nigeria's AML/CFT effectiveness rating.**

Response	Frequency (f)	Percentage (%)
SA	78	28.0
A	120	43.0
U	32	11.5
D	30	10.8
SD	19	6.8
<b>Total</b>	<b>279</b>	<b>100.00</b>

**Source: Fieldwork, 2025**

Table 3 presents respondents' views on whether EFCC's collaboration with relevant stakeholders has enhanced Nigeria's AML/CFT effectiveness rating. Out of the 279 respondents, 78 (28.0%) strongly agreed, and 120 (43.0%) agreed, indicating that the majority of respondents (n = 198; 71.0%) perceived EFCC's collaboration with stakeholders as having a positive influence on Nigeria's AML/CFT effectiveness rating. In contrast, 32 respondents (11.5%) were undecided, suggesting that some respondents were uncertain about the extent of such collaboration or its direct outcomes. Meanwhile, 30 respondents (10.8%) disagreed and 19 (6.8%) strongly disagreed, showing that 49 respondents (17.6%) held a negative perception regarding EFCC's stakeholder collaboration. Overall, the results suggest that respondents largely believe that EFCC's collaborative engagements have contributed significantly to enhancing Nigeria's AML/CFT effectiveness rating. This finding implies that EFCC's

partnership and coordination with key stakeholders, such as the Nigerian Financial Intelligence Unit (NFIU), Central Bank of Nigeria (CBN), commercial banks, SCUML, and other law enforcement and regulatory agencies, are perceived to strengthen Nigeria's AML/CFT performance, particularly in meeting effectiveness requirements.

**Objective II: Challenges Affecting EFCC AML/CFT Efforts in Nigeria**

This section presents findings that examine the challenges affecting EFCC's Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) efforts in Nigeria. Although EFCC plays a key role in investigating and prosecuting financial crimes, its effectiveness can be influenced by operational, institutional, and environmental constraints.

**Table 4: Respondents' views on whether inadequate funding and logistics reduce EFCC's effectiveness in enforcing AML/CFT measures.**

Response	Frequency (f)	Percentage (%)
SA	100	35.8
A	105	37.6
U	26	9.3
D	30	10.8
SD	18	6.5
<b>Total</b>	<b>279</b>	<b>100.00</b>

**Source: Fieldwork, 2025**

Table 4 presents respondents' views on whether inadequate funding and logistics reduce EFCC's effectiveness in enforcing AML/CFT measures. Out of the 279 respondents, 100 (35.8%) strongly agreed, and 105 (37.6%) agreed, showing that a large majority of respondents (n = 205; 73.4%) believed that insufficient funding and logistical support significantly limit EFCC's AML/CFT enforcement capacity. In contrast, 26 respondents (9.3%) were undecided, indicating that some respondents were uncertain or had limited knowledge of EFCC's internal resource conditions. Meanwhile, 30 respondents (10.8%) disagreed, and 18

(6.5%) strongly disagreed, representing 48 respondents (17.3%) who did not view funding and logistics as major constraints. This finding implies that EFCC's capacity to enforce AML/CFT measures is strongly dependent on adequate operational resources, including funding, logistics, and technical investigative tools. When these resources are insufficient, EFCC may face challenges such as delayed investigations, limited field operations, weak forensic analysis, and reduced ability to monitor complex laundering methods, thereby weakening enforcement outcomes.

*The first key informant, a senior officer within the EFCC operational structure, explained that inadequate funding and limited logistics significantly constrain the Commission's capacity to conduct robust AML/CFT enforcement. The informant stated that financial crimes investigations, particularly those related to money laundering and terrorism financing, often require prolonged surveillance, intelligence gathering, inter-state mobility, and in some cases, cross-border liaison, all of which involve substantial operational costs. According to the informant, insufficient funding affects not only routine field operations but also the acquisition and maintenance of essential investigative tools such as digital forensic systems, database subscriptions, and transaction tracking technology. The informant further emphasized that limited logistics restrict the ability of officers to respond swiftly to suspicious activity reports and conduct timely investigations, thereby creating gaps that criminals may exploit to conceal or move illicit funds.*

KII 3 (KII-03, Senior EFCC Operations Officer, EFCC Headquarters, Abuja):

*"Inadequate funding affects our ability to carry out sustained investigations, deploy officers across multiple locations, and acquire the technological tools needed to track financial crimes effectively." (Interview conducted (2025) EFCC Headquarters, Abuja.)*

This perspective supports the survey outcome in Table 4, where a majority of respondents agreed that inadequate funding and logistics reduce EFCC's

effectiveness. It further implies that limited operational resources weaken the Commission's ability to disrupt sophisticated money laundering and terrorism financing networks, which typically rely on speed, technology, and mobility to evade detection.

The second key informant, drawn from the AML/CFT compliance and regulatory environment, reinforced the importance of logistics as a critical component of effective enforcement. The informant noted that even when suspicious transactions or money laundering indicators are identified, enforcement effectiveness is often weakened when the EFCC faces delays caused by inadequate transportation facilities, insufficient manpower deployment, and limited forensic and analytical support. According to the informant, complex AML/CFT cases often involve extensive documentation, digital trails, and financial records that require high-level investigative capacity, including forensic accounting and cyber-enabled analysis. Where such resources are not readily available, enforcement outcomes may become slow, reducing deterrence and allowing offenders to manipulate evidence, relocate assets, or exploit institutional delays to avoid prosecution.

KII 4 (KII-04, AML/CFT Compliance Stakeholder, Abuja):

*"Even when cases are identified, limited logistics such as transport facilities, forensic resources, and operational support often delay enforcement actions and reduce overall effectiveness." (Interview conducted (2025) EFCC Headquarters, Abuja.)*

**Table 5: Respondents' views on whether Political interference and corruption hinder EFCC's AML/CFT operations and prosecutions.**

Response	Frequency (f)	Percentage (%)
SA	95	34.1
A	102	36.6
U	30	10.8
D	35	12.5
SD	17	6.1
<b>Total</b>	<b>279</b>	<b>100.00</b>

*Source: Fieldwork, 2025*

Table 5 presents respondents' views on whether political interference and corruption hinder EFCC's AML/CFT operations and prosecutions. Out of the 279 respondents, 95 (34.1%) strongly agreed, and 102 (36.6%) agreed, indicating that a majority of the respondents (n = 197; 70.7%) perceived political interference and corruption as major factors limiting EFCC effectiveness in AML/CFT enforcement. In contrast, 30 respondents (10.8%) were undecided, suggesting that some respondents were uncertain or unable to clearly determine the extent of political influence and corruption on EFCC operations.

Meanwhile, 35 respondents (12.5%) disagreed, and 17 (6.1%) strongly disagreed, showing that 52 respondents (18.6%) did not perceive political interference and corruption as significant barriers. This finding implies that political interference and corruption may weaken the independence and credibility of EFCC's AML/CFT enforcement efforts by affecting investigations, delaying prosecutions, or limiting the pursuit of sensitive cases. When enforcement agencies experience undue influence, the likelihood of selective justice increases, and the deterrence effect of AML/CFT enforcement may be reduced.

**Table 6: Respondents' views on whether Weak inter-agency cooperation and information sharing limit EFCC's ability to combat money laundering and terrorism financing effectively.**

Response	Frequency (f)	Percentage (%)
SA	88	31.5
A	110	39.4
U	31	11.1
D	33	11.8
SD	17	6.1
<b>Total</b>	<b>279</b>	<b>100.00</b>

*Source: Fieldwork, 2025*

Table 6 presents respondents' views on whether weak inter-agency cooperation and information sharing limit EFCC's ability to combat money laundering and terrorism financing effectively. Out of the 279 respondents, 88 (31.5%) strongly agreed, and 110 (39.4%) agreed, indicating that most respondents (n = 198; 70.9%) believed that weak collaboration and poor information exchange among relevant agencies negatively affect EFCC's effectiveness in AML/CFT enforcement. In contrast, 31 respondents (11.1%) were undecided, suggesting uncertainty among some respondents regarding the extent of inter-agency cooperation. Meanwhile, 33 respondents (11.8%) disagreed, and 17 (6.1%) strongly disagreed, representing 50 respondents (17.9%) who did not view weak inter-agency cooperation as a major constraint.

This finding implies that EFCC's success in combating money laundering and terrorism financing largely depends on effective collaboration with other key institutions such as the Nigerian Financial Intelligence Unit (NFIU), Central Bank of Nigeria (CBN), Nigeria Police Force, DSS, Immigration, Customs, SCUML, and relevant compliance bodies.

## Hypotheses Testing

### Hypothesis One

EFCC's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) efforts have no statistically significant impact on Nigeria's mutual evaluation outcomes. This hypothesis was tested using multiple regression analysis presented in Table 7.

**Table 7: Multiple regression analysis on EFCC's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) efforts has no statistically significant impact on Nigeria's mutual evaluation outcomes**

DV	Predator	R	R <sup>2</sup>	F	df	95%CI	$\beta$	t	p
MEO	Constant	.369	.136	16.882	2,304				.000

AML	[-.266, .099 1.026]	1.158	.248
CFT	[.231,1.404]	2.742	.006

A multiple regression analysis was conducted to examine whether the Economic and Financial Crimes Commission’s (EFCC) Anti–Money Laundering (AML) and Countering the Financing of Terrorism (CFT) efforts predict Nigeria’s Mutual Evaluation Outcomes (MEO). The regression model was statistically significant,  $F(2, 304) = 16.88, p < .001$ , explaining 13.6% of the variance in mutual evaluation outcomes ( $R^2 = .136$ ). However, AML efforts did not significantly predict mutual evaluation outcomes,  $\beta = .10, t = 1.16, p = .248$ , with a 95% confidence interval that crossed zero  $[-0.27, 1.03]$ . In contrast, CFT efforts significantly predicted mutual evaluation outcomes,  $\beta = .25, t = 2.74, p = .006$ , with a positive confidence interval  $[0.23, 1.40]$ , indicating that stronger CFT efforts were associated

with improved mutual evaluation outcomes. Overall, the findings suggest that while the combined AML/CFT model significantly explains variation in Nigeria’s mutual evaluation outcomes, only CFT efforts make a statistically significant independent contribution, whereas AML efforts do not.

**Hypothesis Two**

The challenges affecting EFCC’s Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) efforts have no statistically significant effect on the effectiveness of AML/CFT implementation in Nigeria. This hypothesis was tested using simple regression analysis presented in Table 8.

**Table 8: Simple regression analysis on challenges affecting EFCC’s Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) efforts has no statistically significant effect on the effectiveness of AML/CFT implementation in Nigeria**

DV	Predator	R	R <sup>2</sup>	F	df	95%CI	β	t	p
Correctional AML/CFT implementation	Constant	.348	.121	44.544	1,305				
	challenges					[0.907,1.666]	.348	6.674	.000

A simple linear regression analysis was conducted to examine the effect of challenges affecting the EFCC’s Anti–Money Laundering and Countering the Financing of Terrorism (AML/CFT) efforts on the effectiveness of AML/CFT implementation in Nigeria. The regression model was statistically significant,  $F(1, 305) = 44.54, p < .001$ , indicating that challenges significantly predict AML/CFT implementation effectiveness. The model explained 12.1% of the variance in AML/CFT implementation effectiveness ( $R^2 = .121$ ). Challenges affecting AML/CFT efforts significantly and positively

predicted implementation effectiveness,  $\beta = .35, t = 6.67, p < .001$ , with a 95% confidence interval that did not include zero  $[0.91, 1.67]$ . This result suggests that the level of challenges encountered by the EFCC has a statistically significant effect on the effectiveness of AML/CFT implementation in Nigeria.

**Discussion of Findings**

The results relating to Objective I show that respondents largely agreed that EFCC’s AML/CFT

enforcement has improved Nigeria's mutual evaluation performance, enhanced compliance with AML/CFT requirements, and strengthened the country's AML/CFT effectiveness rating through stakeholder collaboration. This finding is consistent with the empirical review, where scholars argue that effective AML/CFT performance is increasingly measured by enforcement outputs and institutional coordination rather than the mere existence of laws. For instance, Patience and Toluwalase (2024) observed that while AML regulations have expanded across Sub-Saharan Africa, real progress depends on institutional capacity and implementation outcomes. Similarly, the FATF emphasizes that AML/CFT success is reflected in effective outcomes such as investigations, prosecutions, and stakeholder coordination, which are central indicators used during mutual evaluations (FATF, 2022). The findings of this paper also align with Deterrence Theory, which assumes that when enforcement agencies actively investigate and prosecute offenders, the perceived risk and cost of involvement in financial crimes increases, thereby encouraging compliance and discouraging criminal behaviour. In this context, respondents' agreement suggests that EFCC enforcement activities and inter-agency collaboration contribute to deterrence and strengthen Nigeria's credibility in international AML/CFT evaluation outcomes (FATF, 2022; Umar, 2024).

However, findings under Objective II indicate that EFCC's AML/CFT enforcement is significantly constrained by inadequate funding and logistics, political interference and corruption, as well as weak inter-agency cooperation and information sharing. This outcome supports the empirical literature, which repeatedly identifies operational and institutional challenges as key barriers to effective AML/CFT enforcement in developing contexts. For example, Umar (2023) noted that weak institutional structures and porous systems intensify money laundering and terrorism financing risks in Nigeria, while Paul et al. (2024) emphasized that disparities in political will and institutional strength explain variations in AML implementation outcomes across Sub-Saharan Africa. The result also supports the assumptions of Institutional

Theory, which explains that organisational effectiveness depends on the strength of internal structures, resources, and governance processes; therefore, weak funding, corruption pressures, and poor coordination will reduce enforcement performance regardless of the legal mandate of EFCC. Additionally, the link between money laundering and terrorism financing highlighted by Umar (2024) suggests that enforcement weaknesses do not only affect financial crime control but may also worsen insecurity through the continued circulation of illicit funds. Hence, while EFCC enforcement contributes positively to Nigeria's mutual evaluation outcomes, improving institutional capacity, autonomy, and inter-agency synergy is necessary for achieving sustainable AML/CFT effectiveness (Patience & Toluwalase, 2024; FATF, 2022).

### **Conclusion and Recommendations**

In conclusion, this paper examined the impact of the Economic and Financial Crimes Commission's (EFCC) Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) enforcement on Nigeria's mutual evaluation outcomes and broader financial crime reduction efforts. The findings indicate that EFCC's enforcement activities—particularly investigations, prosecutions, and strategic collaboration with relevant stakeholders—have contributed to strengthening Nigeria's AML/CFT compliance posture and enhancing the country's effectiveness rating in international mutual evaluation assessments. Nevertheless, the paper also established that the Commission's performance is significantly undermined by critical operational and institutional constraints, including inadequate funding and logistics, political interference and corruption, and weak inter-agency cooperation and intelligence sharing. Consequently, while EFCC remains a pivotal institution in Nigeria's AML/CFT architecture, sustained progress in financial crime control and improved international assessment outcomes will depend on strengthening institutional capacity, safeguarding operational autonomy, improving collaborative frameworks among key

agencies, and ensuring adequate resource allocation to support effective enforcement.

Based on the findings, the paper recommends the following:

- i. Based on the findings that inadequate funding and logistics reduce EFCC's effectiveness, the government should increase budgetary allocation to the Commission and ensure the timely provision of critical operational resources such as investigation tools, digital forensic technologies, mobility support, and continuous staff training. This will enhance EFCC's ability to conduct intelligence-led investigations, prosecute AML/CFT cases efficiently, and sustain enforcement outcomes

that strengthen Nigeria's mutual evaluation performance.

- ii. In view of the findings that political interference, corruption, and weak inter-agency cooperation hinder EFCC operations, there is a need to reinforce EFCC's operational autonomy through transparent accountability mechanisms and stronger legal safeguards. Additionally, structured collaboration frameworks—such as joint taskforces, shared intelligence platforms, and coordinated reporting systems—should be strengthened among EFCC, NFIU, CBN, SCUML, and other relevant agencies to improve information sharing, reduce duplication of efforts, and ensure effective disruption of money laundering and terrorism financing networks.

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