

Opening Speech at the 44th Quarterly General Meeting of the Association of Chief Audit Executives of Banks held on Thursday 5TH December 2019 at the Lagos Continental Hotel

- Delivered by Adam Nuru, FCIB-MD/CEO FCMB

Opening Remarks

Good Morning distinguished ladies and gentlemen. My fellow colleagues in the Banking industry and all other protocols duly observed.

It gives me great pleasure to welcome you all to the 44th quarterly general meeting of the Association of Chief Audit Executives of Banks. Let me at this point say a big “Thank You” to all the participants here today, most especially our eminent audit executives for taking out time from their busy schedules to grace this occasion.

This is indeed a very special day for us at FCMB, as this event not only provides a unique privilege for the bank to host, but also an opportunity to demonstrate our commitment and support to the Association in their advocacy and promotion of high ethical standards in the banking industry and our country Nigeria.

Today, I will speak to set the tone for the agenda selected for this meeting which is “*The Role of Internal Audit in Combating the Financing of Terrorism and enhancing CBN Anti money Laundering Administrative Sanctions Regime*”

Introduction

The dilemma of money laundering is an undeniable problem faced by many and has become a global priority. Due to its pervasiveness, there is now an increasing need for all stakeholders -individuals, organizations and even governments to deal exclusively with this problem. Despite the collaborative efforts at combating this global menace, more countries are becoming vulnerable to the attendant risks of money laundering and its contagious effects.

According to the International Monetary Fund (IMF), the scale of money laundering globally is estimated to be between 2% and 5% of World Gross Domestic Product at the barest minimum, translating into a range of anything between USD 590 billion to USD 2 trillion of laundered money per year with only about 1% of such illicit inflows confiscated by the authorities (IMF Report).

Also, according to a very recent release by the Nigerian Economic and Financial Crime Commission (EFCC), an estimated \$129 billion dollars has been transferred illicitly out of Nigeria in the last ten years. While the figures may not be necessarily indicative of the proceeds of crime, it however exposes the vulnerabilities associated with efforts at combating money laundering in Nigeria and outside the West African sub-region-particularly because of our cash-based and open economies.

Recent technological improvements in the global banking industry has also exacerbated the scope and reach of money laundering. For example, research conducted by the Inter-Governmental Action Group Against Money Laundering in West Africa (GIABA) and the Financial Action Task Force (FATF), posits that with advancements especially in digital financial services, money launderers now have more complex and intricate arrangements outside of the formal financial services industry, making use of various mechanisms in designated Non-Financial Institutions or sectors. Therefore, they can use digital products such as cryptocurrencies to move illicit funds across borders at breakneck speed, creating complex and layered processes that are increasingly real-time, making it difficult to monitor and to detect with traditional approaches.

In fact, if we do a synopsis of the evolution of financial services in the last three decades, we will see how technology has played the role of a transformative enabler. However, this paradigm shift has also given rise to new channels and methods for money laundering and terrorism financing.

Overall, the after effects of money laundering is without doubt detrimental in all ramifications and combating it has become an enormous task, as it is often associated with substantial cost and risks to individuals, organizations and even governments-including, but not limited to regulatory sanctions, reputational damage and financial loss.

In response, concerned stakeholders have continually reviewed strategy and initiated policy directives directed towards combating money laundering and terrorism financing worldwide. Also, Nigeria as a nation continues to respond with counter measures aimed at preventing and eradicating the consequential impact of this global menace and I am happy to share with us briefly a few of the legislative measures that have been put in place.

For example, the Government between 2011 and October 2013 in response to combating money laundering and terrorism financing enacted the Money Laundering (Prohibition) Act, No. 11, 2011, which amongst other things, repealed the 2004 Act, made comprehensive provisions to prohibit the financing of terrorism, provide for appropriate penalties and expand the scope of supervisory and regulatory authorities to address the challenges faced in the implementation of the anti-money laundering regime in the country.

A year later, amending the 2011 Act, the Money Laundering Act, No.1, 2012 introduced new initiatives that greatly improved and added value to the provisions of sections 2, 3, 6, 9, 11,15, 16, 20, 23 and 25 of the amended 2011 Act. Furthermore, the other recent trend is the provision for liability regime for financing of terrorism under the Terrorism (Prevention) Act, 2011 as amended by the 2013 Terrorism (Prevention)(Amendment) Act and strengthened by the 2013 Regulations on the Freezing of International Terrorists Funds and other related Measures.*(Source FGN Official Gazzete No 65, Vol 100)*

In 2018, the Central Bank of Nigeria (CBN) in collaboration with the Office of the Attorney General of the Federation (OAGF), developed a strong administrative sanctions regime by introducing the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Administrative Sanctions Regulations 2018.

The Regulation which took effect from February 2018, was pursuant to the requirements of the Financial Action Task Force (FATF) recommendation 35 on effective, proportionate and dissuasive sanctions and the Inter-Governmental Action Group against Money laundering in West Africa (GIABA) 2007 Mutual Evaluation recommendation that *“Nigeria’s AML/CFT sanctions regime should be reviewed and made to be proportionate and dissuasive.”*

It is against this backdrop that the agenda for the 44th annual meeting of Audit Executives has been selected and seeks to fulfil the following objectives: -

1. Dimension the effects of non-compliance and sanctions for such
2. Understand the role and expectations of our Internal Auditors in combating the financing of terrorism and enhancing the apex banks’ anti money laundering administrative sanctions regime
3. Highlight how technology can be a major ally in combating money laundering and terrorism financing.

Conclusion

Ladies and gentlemen, I urge you all to participate fully in the ensuing program of events for today, as I believe that our active deliberations and lively discussions, will once again contribute immensely to the sustainable attainment of the Associations’ vision for the banking Industry and our great country.

Finally, to all the distinguished ladies and gentlemen and my fellow colleagues present, I say “Thank You” on behalf of the Association for your continued support as I formally declare this session open.

Adam Nuru, FCIB

MD/CEO First City Monument Bank