





Special Control Unit Against Money Laundering (SCUML)


**Formal Inauguration Ceremony of the
NATIONAL ADVISORY COUNCIL OF DESIGNATED
NON-FINANCIAL INSTITUTIONS (DNFI's) IN NIGERIA**

Theme:
**IMPROVING PUBLIC-PRIVATE SECTOR PARTICIPATION IN ANTI-MONEY LAUNDERING/
COMBATING THE FINANCING OF TERRORISM REGIME IN NIGERIA**

 **DFID** Department for International Development

Date: 25th August, 2009
Time: 9.30 am Prompt
Venue: Abuja Sheraton Hotels & Towers

- FEDERAL MINISTRY OF COMMERCE AND INDUSTRY
- ECONOMIC AND FINANCIAL CRIMES COMMISSION
- DEPARTMENT FOR INTERNATIONAL DEVELOPMENT OF BRITISH COUNCIL
- INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
- ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA
- NIGERIAN BAR ASSOCIATION
- CHARTERED INSTITUTE OF TAXATION OF NIGERIA



Security, Justice and Growth





Economic and financial crimes have a significant a negative impact on the economic, social and political stability of a nation

DFID Nigeria's Security, Justice and Growth (SJG) programme worked to improve access to, and the quality of safety, security and justice for poor people and their livelihoods.

Through the SJG programme, the United Kingdom's Department for International Development (DFID) and Nigerian partners were working to realise the values, principles and goals contained in the United Nations Millennium Summit Declaration: peace, security, development, poverty eradication, human rights, democracy, good governance, protecting the vulnerable and meeting the special needs of Africa.

The SJG programme was organised into three components: security, access to justice and growth. It was rights based, working to enhance all rights, but especially equality rights (gender), and was supporting those combating corruption. It promoted inter-agency and state civil society co

INTRODUCTION

to Special Control Unit Against Money Laundering (SCUML)

The Nigerian business environment was adjudged by the international community to be awash with unethical business behaviours, thereby making it a safe-haven for money laundering and other forms of illegal business dealings. The International Community in 2001, through the Financial Action Task Force (FATF), assessed the situation and placed Nigeria on the list of Non-Cooperative Countries and Territories (NCCTs).

In response, the Federal Government of Nigeria constituted a Presidential Inter-Agency Committee in 2003 to address the issues raised by the FATF. The Committee opened dialogue with the FATF and initiated actions to address the identified deficiencies. One of the major achievements in the intervening period was the development of a National Strategy and Implementation Plan to remove Nigeria from the FATF shame list. Following the implementation of the National Strategy and the attendant dialogue with FATF, Nigeria was removed from the NCCT list in June 2006.

The Implementation Plan, among other things, culminated in the passage into law of the amended Money Laundering (Prohibition) Act 2004, which for the first time incorporated as well as defined DNFI and vested the regulatory responsibility of same in the Federal Ministry of Commerce and Industry (FMC and I).

Establishment of SCUML

The Special Control Unit Against Money Laundering (SCUML) was established as a specialised unit of the Federal Ministry of Commerce and Industry by the Federal Executive Council of Nigeria in September 2005.

SCUML has the mandate to:

'Monitor, supervise and regulate the activities of all Designated Non Financial Institutions (DNFIs) in Nigeria in consonance with the country's Anti Money Laundering and Combating of the Financing of Terrorism (AML/CFT) regime.'

What are DNFI's?

The law defines DNFI's as:

'Dealers in jewellerys, cars and luxury goods, chartered/professional accountants, audit firms, tax consultants, clearing and settlement companies, legal practitioners, supermarkets, casinos and hotels. Others include estate surveyors and valuers, precious stones and metals dealers, trust and company service providers, pool betting and non-governmental organisations (NGOs).'

SCUML is empowered under the law to classify additional businesses as DNFI's as it deems fit for purpose of regulation under the country's anti-money laundering and combating the financing of terrorism (AML/CFT) regime.

AIM: The aim was to contribute to the development of anti-money laundering efforts in Nigeria. It is not sufficient to control money laundering through financial institutions. It is also important to act upon the "Designated Non-Financial Institutions" such as hotels, casinos, jewellers, estate agents, etc.

SCUML's Mandate:

Monitor, supervise and regulate the activities of all Designated Non Financial Institutions (DNFIs) in consonance with Nigeria's Anti Money Laundering and Combating of the Financing of Terrorism (AML/CFT) regime

SCUML Obligations

For an effective AML/CFT supervision and oversight framework within the DNFIs in Nigeria SCUML is charged with the following objectives:

- Registration and certification of DNFIs in Nigeria
- On-site and off-site inspection (routine)
- Spot checks/inspection of DNFIs in Nigeria,
- Monitor, supervise and regulate the activities of DNFIs in Nigeria
- Serve as a structure for fighting economic and financial crimes within the DNFIs sector
- Provide a database on DNFIs and their financial transactions in support of tactical, operational and strategic policy options in combating ML/FT
- Add value to criminal investigations by providing data relating to DNFIs money trails
- Collection, evaluation and escalation of Currency Transaction Reports (CTRs) to Suspicious Transaction Reports (STRs)
- Collaborating with other institutions involved in AML/CFT
- Encourage the establishment of self-regulatory bodies within sub-sectors where such do not exist
- Public awareness through training workshops, seminars, conferences, etc.

Designated Non-Financial Institutions (DNFIs) are defined as dealers in:

- Jewelleries, cars and luxury goods
- Chartered/professional accountants
- Audit firms
- Tax consultants
- Clearing and settlement companies
- Legal practitioners
- Supermarkets
- Casinos
- Hotels
- Estate surveyors and valuers
- Precious stones and metals dealers
- Trust and company service providers
- Pool betting
- Non-governmental organisations (NGOs)

Since 2005 SCUML has been assisted in fulfilling its mandate by the SJG programme. SJG supplied computer systems and office supplies at the head and zonal offices, printed key sensitisation documents, sponsored the SCUML website, funded key meetings and events, assisted in training SCUML staff, advised and assisted in the establishment of an Advisory Board for SCUML.

SCUML Activities

- Increase in the number of DNFI's registered
- Door-to-door sensitisation/inspection of DNFI's (Abuja, Port Harcourt, Kano, Lagos and Enugu)
- Awareness creation through presentations at DNFI-based functions
- Inauguration of a DNFI Advisory Council
- Launching of SCUML advocacy books for public enlightenment
- Hosting of two international AML/CFT agencies: (GIABA)-Inter-Governmental Action Group against Money Laundering in West Africa; FINCEN – the US' Financial Crime Enforcement Network
- Evaluation/review/expansion and implementation of on-line registration and reporting format via SCUML website at www.scuml.org
- Increase in evaluation and escalation of Currency Transaction Reports (CTR) to Suspicious Transaction Reports (STR) and transmission of same to EFCC/NFIU

The growth of SCUML activities can be seen in the table below.

Activity	2005/2006	2007	2008	3 RD Qtr 2009
Sensitisation/inspection of DNFI's	58	313	120	209
Registration of DNFI's	58	205	19	108
CTRs	1085	2704	3912	7793
STRs	-	141	146	291



SCUML Strategies and Challenges

SCUML Strategies

SCUML has developed a number of strategies, including:

- Categorisation of DNFI in Nigeria on a risk based approach
- Routine registration of DNFI
- AML/CFT compliance inspection (routine and spot checks)
- Seminars, workshops and conferences for DNFI
- AML/CFT typology exercises on DNFI
- Sensitisation and awareness creation via electronic and print media for the DNFI
- Capacity building within the DNFI for AML/CFT
- Establishment of operational offices across the country
- Publication and distribution of guidelines and manuals to the DNFI
- Establishment of DNFI Advisory Council in Nigeria

Major Challenges

Challenges facing SCUML are classified into operational and environmental as follows:

Operational challenges:

- Sectoral differences within the larger DNFI sector
- Lack of computerisation within the DNFI
- Inadequacy in quality and quantity of manpower
- Lack of data management culture
- Security imperative of compliance enforcement

Environmental challenges:

- Cash based environment
- Novelty of AML/CFT culture
- Informality of the sector
- Public cooperation
- Illiteracy
- Poor record keeping
- Outright non-compliance
- Displacement



Impact

Generally, economic and financial crimes have significant negative impact on the economic, social and political stability of a nation. In Nigeria, these crimes are detrimental in a number of ways, including:

- Halting or undermining developmental efforts both internally and externally
- Projecting a bad image of the country to the international community and the attendant consequences on Nigerians as individuals and as a nation
- Increasing the cost of doing business and consequently, deterring investment (local and foreign) and hindering growth

The effectiveness and efficient implementation of AML/CFT regime in the country is therefore taken seriously in concert with other stakeholders. Cooperation and support of all national and international stakeholders are required to ensure success.

SCUML has made a start at introducing a regime of compliance but there is still much more to be done.

OUTCOME:

SCUML is now operating in various locations across Nigeria and its level of activity is growing. It is sensitising DNFI's to the problems of money laundering and providing information on currency transactions and suspicious transactions to the relevant authorities.



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Launched in 2002, the SJG programme aimed to contribute to the achievement of the Millennium Development Goals:

- By promoting strong partnerships among governments, civil society organisations and the private sector in pursuit of security, justice, the rule of law, development and poverty eradication
- By promoting gender equality and the empowerment of women as effective ways to combat poverty and hunger
- By promoting a legal and regulatory framework that encouraged non-oil economic growth to give young people a real chance to find decent and productive work rather than become lost in a life of crime

The SJG programme, supported by DFID Nigeria and implemented by the British Council, successfully came to a close in 2010.

