



NIGERIA'S EXIT FROM THE GREY LIST:

**IMPLICATIONS
FOR BUSINESSES
AND THE
FINANCIAL
SYSTEM**

At the October 2025 plenary meeting of the Financial Action Task Force (“FATF”) in Paris, Nigeria, alongside South Africa, Mozambique and Burkina Faso, was officially removed from the FATF’s grey list of countries subject to increased monitoring for money laundering and terrorist financing (“Grey List”)¹. This development marks a significant milestone in Nigeria’s ongoing efforts to strengthen its anti-money laundering and counter-terrorist financing (“AML/CFT”) framework and restore international confidence in its financial system.

The Grey List comprises countries that have been identified by the FATF as having deficiencies in their AML/CFT frameworks but have committed to resolving these deficiencies within agreed timeframes. Countries on the Grey List are subject to heightened international scrutiny and stricter due diligence measures from global financial institutions.

Nigeria was placed on the Grey List in February 2023 after the FATF identified gaps in its AML/CFT framework. Over the past two years, the Nigerian government, working closely with the Inter-Governmental Action Group Against Money Laundering in West Africa and the FATF, implemented a comprehensive 19-point action plan to address these deficiencies.

Key measures introduced included the enactment and enforcement of new laws such as the Money Laundering (Prevention and Prohibition) Act, 2022, and the Terrorism (Prevention and Prohibition) Act, 2022, improving access to beneficial ownership information to prevent financial crimes, enhancing the supervision of financial and designated non-financial institutions, and strengthening inter-agency collaboration among regulatory and law enforcement agencies such as the Nigerian Financial Intelligence Unit and the Economic and Financial Crimes Commission.²

Nigeria’s successful exit from the Grey List reflects growing international confidence in its regulatory and institutional reforms. The delisting is expected to have tangible positive effects on businesses and the financial sector. It will likely ease restrictions in correspondent banking relationships, reduce the enhanced due-diligence requirements that Nigerian institutions often faced from foreign counterparties, and lower compliance-related transaction costs in cross-border payments, trade finance, and international lending. Financial institutions and fintech operators should find it easier to onboard foreign partners, access foreign-currency liquidity, and re-establish or expand correspondent relationships. For corporates, the move could improve investor sentiment, reduce perceived country risk, and enhance access to international investment and credit lines.

However, despite the delisting, businesses and financial institutions must continue to implement strong AML/CFT controls, including customer due diligence, beneficial ownership transparency, and suspicious transaction reporting. Regulators are expected to maintain strict oversight to ensure continuous compliance and consolidate the progress achieved under the FATF action plan.

¹ <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-october-2025.html#:~:text=Outcomes%20FATF%20Plenary%2C%2022%2D24,of%20their%20ill%2Dgotten%20gains.>

² <https://www.cbn.gov.ng/Out/2025/CCD/CBN%20Press%20Release%20FATF%20%20241025%20.pdf>

At Udo Udoma & Belo-Osagie, we recognise that Nigeria's delisting marks not the end, but a new phase of compliance responsibility. Through our Compliance, Investigations and Ethics team, we assist clients in assessing and strengthening their AML/CFT frameworks, aligning internal policies with evolving FATF and local standards, and ensuring effective governance and reporting systems. We also design practical training programmes, assist with regulatory engagement, and conduct compliance health checks to identify and address compliance gaps, helping businesses leverage Nigeria's improved standing in the global financial system.