

## **CBN RESPONSE TO GIABA MUTUAL EVALUATION REPORT**

We received the Draft Report and Executive Summary of the AML/CFT Mutual Evaluation conducted by GIABA on Nigeria between 24 September and 5 October 2007.

We hereby respond to the issues raised under the following sub-head as follows:

### **PREVENTIVE MEASURES – FINANCIAL INSTITUTIONS**

22.

- CBN had put in place a comprehensive Customer Due Diligence framework for Nigerian banks by insisting that the banks faithfully implement the various provisions of the Money Laundering Guidance Notes in Nigeria. Corollary to the foregoing, the CBN had issued the Know Your Customer (KYC) Circular in 2003 aimed at ensuring that the banks are not used for criminal or suspicious activities.

The regulations cover FATF's Recommendations (see Sec. 38 of EFCC Act, Secs. 10 & 20 of MLPA, KYCD, KYCM Nos: 7.4.1; 7.6.3 & 7.8.1 to 7.8.6, KYCM No:7, Sec. 7 (b) of MLPA 2004, Sec. 6 of MLPA & S. 5 of MLPA, 2004).

- There is a working definition issued to banks by NFIU on PEPs (see attached).
- CBN has issued clear regulation to FIs on procedures to be observed in respect of correspondent banking (see KYCM No:7.8.1 to 7.8.6)
- CBN has also issued clear regulation to FIs on procedures to be observed in respect of beneficial ownership (see KYCM Nos: 1.1.2, 5.6.3, 8.2.1, 8.2.2, 2.4.1, 2.5.3, 6.4.3 & 8.5.2)
- CBN has also issued clear regulation to FIs on procedures to be observed in respect of non-face to face customers (see KYCM 6.2.1-3).
- BDCs now comply with the requirement of the KYCM.

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- CBN has also issued clear regulation to FIs on procedures to be observed in respect of foreign subsidiaries and shell banks (see Section 4.2 of the Guidelines for Electronic Banking in Nigeria issued by the CBN in August 2003, Sec. 2 of BOFIA, 1991, and KYCM No: 7.8.4)

26.

- The CBN had, in 2007, developed a Risk Based Supervision (RBS) Framework which is to be used in the supervision of banks and Discount Houses. The CBN had started the implementation of Hybrid Examination which would eventually give way to full RBS (See guidelines on RBS and KYCM Nos: 6.4.2 ,6.4.8, & 2.5.5).

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- It should be noted that with the advent of Universal banking in 2000, there are no more commercial banks in Nigeria but universal banks, or simply banks.

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20. The objects of the CBN as specified in the CBN Act (2007) are:

1. To issue legal tender currency
2. To maintain external reserves
3. To safeguard the international value of the legal tender currency
4. To promote monetary stability and a sound financial system in Nigeria
5. To act as banker and financial adviser to the Federal Government.

28. The Association of Nigerian Accountants (ANAN) was not set up in 1998 but in 1992.

61. The CBN had developed some relevant electronic databases and system like e-FASS and Credit Risk Management System.

62. It should be noted that CBN Circulars have the powers of the law, hence are enforceable.