



# The Role of Nigerian Financial Intelligence Unit in Fighting Money Laundering for Financing Terrorism in Nigeria

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## Abstract

Over the last two decades (2004–2024), money laundering, particularly as a means of terrorism financing, has threatened global security, financial stability, and governance. These activities have continued to aid criminal enterprises, promote corruption, sustain terrorist activities, undermine economic growth, and threaten the national security of many nations. In Nigeria, terrorist groups such as AnsarDine, Boko Haram, and the Islamic State of West African Province (ISWAP) have continued to exploit illicit financial transactions and collaborate with terrorism financiers to support their operations. Thus, the article explored the role of the Nigerian Financial Intelligence Unit (NFIU) in fighting money laundering for the financing of terrorism in Nigeria. The study adopted the Structural Functionalist Theory to explain the role of the NFIU in combating money laundering for terrorism financing in the country. The article also adopted content analysis in reviewing and analyzing related secondary data and extant literature on the subject. Findings from the work revealed that the role of the NFIU includes combating money laundering and terrorism financing, collaborating with international financial intelligence agencies, and partnering with security and private-sector intelligence units to fight money laundering for terrorism financing in Nigeria. Furthermore, the study found that the challenges faced by the NFIU include political interference, corruption, lack of inter-agency collaboration, and weak intelligence-sharing, among others. The paper recommended, among others, creating new laws to strengthen the NFIU against political interference, adopting technological advancements and capacity building, strengthening collaboration with international financial institutions, and training and retraining personnel of the NFIU.

**Keywords:** Criminalities, Illicit Transactions, Terrorism, Money Laundering, Financial Intelligence

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## Introduction

The criminality of money laundering, particularly as a means of terrorism financing, threatens global security, financial stability, and good governance. The criminality enables criminal enterprises to promote corruption and sustains terrorist activities. In doing so, it undermines economic growth and national security (Adebayo, 2023). In Nigeria, insurgent groups such as Boko Haram and Islamic State of West African Province (ISWAP) exploit illicit financial transactions and corrupt law enforcement agents (Uche & Obiora, 2022). This unfortunate situation has led to the establishment of Anti-money laundering (AML) laws around the globe. These laws are primarily designed to deter criminals from hiding their ill-gotten wealth within the financial system. This was achieved by mandating financial institutions to implement customer due diligence (CDD) practices through Know Your Customer (KYC)

procedures, which involve bio-metric verification of customers (Ogbotor, 2025).

The illicit financial flows in Nigeria are linked to corruption, drug trafficking, and organized crime (Ogbonnaya, 2020). The rise of Boko Haram in the early 2000s increased concerns about terrorism financing. This led to the enactments of the Money Laundering (Prohibition) Act (2004) and the establishment of the Nigerian Financial Intelligence Unit (NFIU) within the Economic and Financial Crimes Commission (EFCC) (Akanbi, 2017). Gaining independence in 2018, the NFIU aligned its operations with international AML/CFT standards (Financial Action Task  
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However, the NFIU has faced challenges in being effective in combating terrorism financing. Evidence suggests that terrorist groups still access illicit funds, raising concerns about the NFIU's capacity to detect and intercept suspicious transactions (Uche & Obiora, 2022). Research highlights weaknesses in enforcement, inter-agency collaboration, and technological

capabilities (Owolabi, 2021). Additionally, informal financial systems like hawala networks and trade-based money laundering remain major risks (Goredema, 2018). This article intends to review the role of the NFIU in the fight against money laundering for terrorism financing and in maintaining security in Nigeria.

Money laundering, particularly as a means of terrorism financing, poses a significant threat to national security and economic stability. According to the Financial Action Task Force (FATF, 2022), an estimated \$1.6 trillion is laundered globally each year, with a substantial portion funding terrorism. The United Nations Office on Drugs and Crime (UNODC, 2021) reports that terrorist organizations exploit financial systems by moving illicit funds through formal banking channels, informal networks, and unregulated cash transactions.

In Nigeria, Boko Haram and the Islamic State West Africa Province (ISWAP) have increasingly used money laundering to sustain operations, procure weapons, and recruit fighters (Nigeria Financial Intelligence Unit [NFIU], 2023). Despite Nigeria's adoption of the Money Laundering (Prohibition) Act and its membership in global AML/CFT initiatives, terrorism financing remains a challenge. The NFIU, established in 2004 and granted autonomy in 2018, serves as the country's central financial intelligence agency. It works to detect and disrupt illicit financial flows (Central Bank of Nigeria [CBN], 2022). In 2023, the NFIU intercepted approximately ₦50 billion (\$108 million) in suspicious transactions linked to terrorism between 2021 and 2023. Yet, experts argue that a substantial volume of illicit funds still evades detection. This is because loopholes still exist in the country's financial system, which terrorists and terrorism financiers exploit to threaten the lives and properties of citizens and to disrupt law and order (NFIU, 2023).

The CBN (2022) acknowledges that Nigeria's financial landscape, dominated by cash transactions and informal remittance systems, presents vulnerabilities that terrorist financiers



exploit. Furthermore, the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA, 2023) notes that, while financial intelligence-sharing has improved, regulatory enforcement remains weak and inter-agency coordination gaps persist. Abuja, as Nigeria's political and economic hub, remains particularly susceptible to illicit financial activities.

While previous studies (FATF, 2021; GIABA, 2022) have examined Nigeria's AML/CFT framework, few have focused on the effectiveness of the NFIU in curbing terrorism financing in Abuja. Existing research highlights broad challenges such as weak enforcement and limited technological capacity but lacks empirical assessments of NFIU operations.

Therefore, this article intends to investigate the role of the NFIU in the fight against money laundering for terrorism financing and in maintaining security in Nigeria. The paper also examines the challenges faced by the NFIU in these areas and proffers recommendations to address these challenges.

## **Conceptual Clarification**

### **Money Laundering**

Schneider and Windischbauer (2019) defined money laundering as "the conversion, transfer or concealment of criminal proceeds through financial and non-financial institutions to prevent detection by authorities". For Reuter and Truman (2021), emphasize that money laundering involves "a sequence of transactions designed to obscure the origin of illegally obtained funds, making them appear to come from legal sources". Unger and Van der Linde (2020) argued that money laundering extends beyond financial concealment, serving as a tool for organized crime, corruption and terrorism financing. They argued that though, efforts by the FATF and other international organizations to standardize Anti-money laundering (AML) regulations, yet challenges persist in enforcement, particularly in developing countries' economies like that of Nigeria. For them, the enforcement and prosecution of laws regarding money laundering

for terrorism financing are generally below average or even weaker. Money laundering is the practice of disguising the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses (The Economist, 2018). This portrays the role played by banks in facilitating laundering. World Bank (2019) defined money laundering as "the process, by which illicitly obtained funds are laundered through financial systems, often perpetuating criminal activities and undermining rule of law."

For the purpose of this study money laundering is the utilization of illegal funds sourced from illegal means to finance legal or illegal activities often perpetrated through financial institutions.

### **Terrorism Financing**

The United Nations Office on Drugs and Crime (UNODC, 2021) defines terrorism financing as "the financial support, whether direct or indirect, of terrorism or those who encourage, plan, or engage in it." The FATF (2022) extends this definition, stating that it involves "the collection, provision, or use of funds for terrorist activities, regardless of whether the funds were legally or illegally sourced." Napoleoni (2021) defined terrorism financing as "the economic infrastructure that enables terrorist groups to sustain their operations often exploiting informal banking systems, state sponsors and criminal activities". NFIU (2023) cited in Ejiofor (2025) defined terrorism financing as "a means through which terrorist groups raise, move, and utilize the financial resources needed to fund their activities, such as recruitment of new members, training, payment of stipends to their fighters and acquisition of weapons".

For the purpose of this study terrorism financing is the supporting of terrorist group financially often through financial institutions or in cash, or materially by providing arms that serve as fertile ground to perpetuate their violent activities against civilians or non-combatant groups.

### **Issues in NFIU Fight against Money Laundering for Terrorism Financing in Nigeria**

Money laundering as a means of terrorism



financing poses a significant threat to national security and economic stability in the world. According to the Financial Action Task Force (FATF, 2022) estimated about \$1.6 trillion is been laundered globally each year, with a substantial portion used for funding terrorism. The United Nations Office on Drugs and Crime (UNODC, 2021) reported that terrorist organizations exploit financial systems by moving illicit funds through formal banking channels, informal networks and unregulated cash transactions.

In Nigeria, Boko Haram and the Islamic State of West Africa Province (ISWAP) are increasingly used money laundering to sustain their operations, procure weapons and recruit fighters (Nigeria Financial Intelligence Unit [NFIU] 2023). Despite Nigeria's adoption of the Money Laundering (Prohibition) Act and its membership in global AML/CFT initiatives, terrorism financing becomes a threat to Nigerian security. The NFIU was established in 2004 and granted autonomy in 2018, serves as the country's central financial intelligence agency, working to detect and disrupt illicit financial flow (Central Bank of Nigeria [CBN], 2022). The NFIU (2023) intercepted approximately ₦50 billion (\$108 million) suspected for transactions linked to terrorism between 2021 and 2023. Yet experts argue that a substantial volume of illicit funds still evades detection. This is because there are still loopholes existing in the country's financial system where terrorists and terrorism financiers' exploits to threaten the live and properties of citizens and disrupting law and order.

The CBN (2022) acknowledges that Nigeria's financial landscape, dominated by cash transactions and informal remittance systems, presents vulnerabilities that terrorist financiers exploit. Furthermore, the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA, 2023) notes that while financial intelligence-sharing has improved, regulatory enforcement remains weak and inter-agency coordination gaps persist. Nigeria's political and economic hub remains particularly susceptible to illicit financial activities. Nigeria's AML/CFT framework have focused on the effectiveness of

the NFIU in curbing terrorism financing and highlights broad challenges such as weak enforcement, limited technological capacity and lack of empirical assessments of NFIU operations (FATF, 2021; GIABA, 2023).

Therefore, this article intends to investigate the role of the NFIU in the fight against money laundering for terrorism financing and maintenance of security in Nigeria. The study also intends to investigate the challenges faced by the NFIU in the fight against money laundering for terrorism financing and maintenance of security and also proffer recommendations on how to solve the challenges.

### **Theoretical Framework: The Structural Functionalist Theory**

The Structural Functionalist Theory provides a comprehensive sociological lens through which to examine NFIU fight against money laundering used for terrorism financing. This theory originated from the works of Emile Durkheim and further developed by Talcott Parsons and Robert Merton. The theory posits that society is a complex system whose various institutions function interdependently to maintain stability and social order. This study situates the role of the NFIU within the broader social framework, demonstrating how it functions as an essential organ in maintaining economic stability and national security.

Structural functionalism emphasizes that institutions exist to fulfill specific functions that contribute to the stability of society. Talcott Parsons (1951) identified four critical functions that institutions must perform: adaptation, goal attainment, integration and latency (pattern maintenance). The NFIU, as a financial regulatory body, performs these functions by adapting to new financial crime trends, setting goals to curb money laundering, integrating with other institutions for effective enforcement and maintaining established regulatory frameworks to ensure financial transparency. The central tenet of structural functionalism is that institutions operate through well-established mechanisms to achieve societal balance. The NFIU's strategies for



combating money laundering used for terrorism financing align with this principle. As it functions as a regulatory body that enforces financial intelligence gathering, AML regulations and compliance measures to counter illicit financial flows (Agbiboa. 2020).

These measures are intended to safeguard financial integrity and prevent the infiltration of illicit funds into Nigeria's economic system. Through the functionalist perspective, the NFIU's role can be examined in relation to its coordination with other financial institutions, security agencies and international financial intelligence units to strengthen Nigeria's financial security framework. However, despite these efforts, gaps in regulatory enforcement, political interference and challenges in intelligence-sharing mechanisms create dysfunctions that limit the NFIU's effectiveness in fulfilling its role (Usman, 2022).

The application of structural functionalism also helps in identifying the challenges militating against the NFIU's fight against money laundering used for terrorism financing. Merton's (1968) distinction between manifest and latent functions is particularly useful in this regard. While the

manifest function of the NFIU is to prevent the illicit flow of funds to terrorist organizations through financial intelligence and regulatory enforcement. Its latent functions include the unintended consequences of bureaucratic inefficiencies, legal loopholes and institutional corruption that undermine its effectiveness (Ede. 2021). A key dysfunction within this System arises from limited inter-agency collaboration, where financial institutions, law enforcement agencies and regulatory bodies fail to share intelligence effectively, due to jurisdictional conflicts and bureaucratic bottleneck (Olaniyi & Adedoyin. 2019). This lack of synergy weakens the NFIU's capacity to detect and prevent financial crimes linked to terrorism, allowing illicit funds to flow through undetected channels. Another major challenge affecting the NFIU's efforts is inadequate technological infrastructure. In an era where financial crimes are increasingly

sophisticated, the reliance on outdated technology and manual investigative processes impairs the efficiency of financial intelligence gathering and analysis (Aliyu & Hassan. 2023). Structural functionalism suggests that when institutions fail to adapt to evolving societal challenges, dysfunctions emerge that threaten societal stability. This is evident in the NFIU's struggle to keep pace with emerging trends in digital finance including crypto-currency transactions that enable anonymous transfers of illicit funds across borders (Okeke. 2020). The inability to effectively track and regulate such transactions creates vulnerabilities in the financial system which terrorist organizations exploit to fund their operations.

The theory further underscores the role of external influences, such as political interference in shaping the efficiency of institutions. The NFIU, despite its legal mandate has encountered resistance from political actors who have vested interests in financial secrecy and economic control. This weakens the integrity of financial intelligence operations and erodes public confidence in the effectiveness of anti-money laundering efforts. Structural functionalism explains this phenomenon by highlighting how institutional weaknesses can create opportunities for deviant behaviors that disrupt societal order (Cuff, Sharrock & Francis, 2006; Johnson, 2021). To address these challenges, structural functionalism emphasizes the need for systemic reforms that enhance institutional efficiency. Parsons (1951) posited that social systems must constantly adapt to changing conditions to maintain equilibrium. This perspective supports the argument that the NFIU must undergo structural improvements including enhanced inter-agency cooperation, investment in advanced financial intelligence technology and stricter regulatory compliance mechanisms to counter the evolving nature of financial crimes. One key area of reform is the establishment of a centralized financial intelligence-sharing platform that facilitates real-time communication between the NFIU, commercial banks, fintech companies and law enforcement agencies. By reducing bureaucratic delays and improving data



integration such a platform can significantly enhance the effectiveness of financial crime investigations.

### **Methodology**

This paper adopts a desk review methodology to examine the role of the Nigerian Financial Intelligence Unit (NFIU) in combating money laundering for terrorism financing. The review is based on secondary data drawn from peer-reviewed journals, books, policy documents, official reports, and credible online sources. In addition, content analysis of publications by international and regional financial intelligence and regulatory authorities was carried out to identify key trends, challenges, and institutional responses. This approach allows the paper to present a clear understanding of the NFIU's functions and challenges without conducting primary research.

### **The Role of NFIU in Fighting Against Money Laundering and Terrorism Financing**

There are several roles that the NFIU play in the fight against money laundering for terrorism financing and some of these roles are:

#### **i. Combat money laundering and terrorism financing**

The NFIU plays a significant role in combating money laundering and terrorism financing in Nigeria. The NFIU remain committed in the conduct of regular inspections, audits, and assessing AML, identified its lapses and take decisive measures (Roman, 2024). The agency is responsible for financial intelligence gathering, analysis and dissemination, and addressing illicit financial flows. Adebayo (2023) maintain that the NFIU has played its role in the fight against money laundering for terrorism financing and maintaining security through significant strides in tracking illicit financial flows through the use of Suspicious Transaction Reports (STRs) and advanced data analytics and this enhanced Nigeria's compliance with international AML/CFT standards. Similarly, Okonkwo and Yusuf (2021) examined the duty of the NFIU in carrying out the role of regulatory measures in ensuring banking sector compliance with AML/CFT frameworks. They analyzed

transactional data from 2019 to 2021 to assess trends in compliance with NFIU directives and found out that there is a notable increase in the reporting of suspicious transactions, suggesting an improvement in regulatory oversight.

#### **ii. Collaboration with International Financial Intelligence Agencies**

This is another important role played by NFIU in collaborating with international agencies in combating money laundering and terrorism financing. Ibrahim, Adeola and Chukwunna (2022) revealed that high-profile financial crime investigations linked to terrorist organizations operating in Nigeria and international collaborations have led to several successful asset seizures and the disruption of illicit financial networks. Similarly, Bello and Chinedu (2023) maintains that NFIU is using regulatory technology (RegTech) to enhance the financial intelligence capabilities of the Agency, machine learning algorithms and predictive analysis have been integrated into financial intelligence operations. Also, Musa and Aliyu (2023) revealed that the effort of NFIU in combating money laundering and terrorism financing remains a critical area of research, particularly in light of the evolving nature of financial crimes and the increasing complexity of illicit financial flows. The NFIU should have institutional autonomy, operational independence and must be supported by policy makers, law enforcement agencies and Nigerians to rid terrorism financing from the country.

#### **iii. Collaboration with Security Agencies Private Sector**

The role of the NFIU in their fight against money laundering for terrorism financing involves engaging in synergy relationship between the NFIU, Nigeria's security agencies and the private sector particularly commercial banks and fintecs (Okon & Adamu, 2023). Buttressing this point Uche and Adebayo (2023) opined that the NFIU regularly engaged in synergy between the NFIU, Nigeria's security agencies and the private sector to enhance financial intelligence gathering and enforcement outcomes that fight against money laundering for terrorism financing.



### **The Challenges of NFIU in Fighting against Money Laundering for Terrorism Financing**

The NFIU was established to enforce anti-money laundering and counter-terrorism financing laws by collaborating with law enforcement agencies and financial institutions. Despite its mandate, the NFIU faces numerous challenges some of the challenges include:

#### **i. Political Interference:**

Political interference is one of the most critical challenges impeding the integrity and role of NFIU. Despite the fact that, the unit gained operational independence from the EFCC in 2018, some political elites and government officials continue to exercise an unlawful influence over its duties (Okoli & Orinya, 2021). The involvement of politically exposed persons (PEPs) in money laundering schemes has led to selective enforcement of AML laws, where investigations into high-profile individuals are been delayed for selfish and political reasons (Ede & Okonkwo, 2022). The political elites interfere in the appointment of NFIU leaders based on political godfatherism not on merit, thereby weakening the institution's capacity to act independently (Oladimeji & Hassan, 2023). The resulting lack of autonomy compromises financial intelligence gathering and enforcement, allowing criminal networks to thrive under political protection (Umar & Bello, 2023).

#### **ii. Corruption:**

Corruption plays a significant role in deteriorating the duties of law enforcement agencies and exacerbates the challenges of combating money laundering used for terrorism financing. Reports indicate that some officials responsible for enforcing AML regulations engaged in corruption practices like as suppressing suspicious transaction reports (STRs) or leaked sensitive financial intelligence to criminal organizations in exchange for bribes (Ibrahim et al., 2022; Faga & Nwali, 2024). The terrorist financiers are utilizing the corruption practice of some officers to influence institutional role enabling them to transfer funds undetected. Furthermore, regulatory agencies sometimes engaged in selective enforcement, targeting less privileged

offenders and covered privileged and politically connected offenders (Adebayo, 2023). This undermines the credibility of financial intelligence efforts and weakens public trust in the ability of the NFIU in combating financial crimes.

#### **iii. Lack of Inter-agency Collaboration and Intelligence Sharing**

One of the major operational challenges facing the NFIU is the lack of inter-agency collaboration. The fight against terrorism financing requires coordinated efforts between multiple government agencies, including the Central Bank of Nigeria (CBN), the EFCC, Nigeria Police Force, the Department of State Services (DSS) and other law enforcement bodies particularly in the area of intelligence-sharing (Ugwoke & Bello, 2023). However, institutional rivalries, bureaucratic inefficiencies and lack of standardized framework for intelligence sharing hinder effective cooperation (Nwokolo, 2021; Faga & Nwali, 2024). In many cases, critical financial intelligence is delayed due to inter-agency rivalry, resulting in a fragmented approach in tracking illicit financial flows. Moreover, the absence of an integrated financial crime database prevents different agencies from accessing real and timely information, which serve as a fertile ground and making it easier for terrorist financiers to achieve their aims (Ugwoke & Bello, 2023). Without a centralized system that enables swift intelligence-sharing, investigations into complex money laundering schemes often suffer from delays, allowing illicit funds to be moved undetected.

#### **iv. Non-Compliance by Financial Institutions**

This poses another critical obstacle to the NFIU's efforts. The commercial banks are largely compliant with AML regulations; but there is widespread non-compliance among microfinance institutions, digital financial service providers and informal money transfer networks (Olawole, 2023). Many of these entities fail to conduct proper Know Your Customer (KYC) and due diligence checks, thereby creating opportunities for money launderers to move funds through legitimate financial channels (Okon & Adamu, 2023). Additionally, the growing use of fintech



platforms, crypto-currency transactions and peer-to-peer (P2P) financial services has introduced new challenges for regulatory enforcement. This is in line with Ojo and Olaniyan, (2022) that terrorist financiers increasingly exploit these digital financial services to conduct anonymous transactions beyond the reach of traditional banking regulations. The decentralized nature of crypto-currency transactions makes it particularly difficult for regulators to trace illicit funds, as there is no central authority overseeing these transactions.

#### **v. Legal and Judicial Constraints**

This also brought significant setback to the role of NFIU. Despite the enactment of various laws such as the Money Laundering (Prevention and Prohibition) Act 2022 and the Terrorism (Prevention and Prohibition) Act 2022, the enforcement of these laws remains weak due to lengthy judicial processes and legal loopholes (Adeyemi, 2023; Olawale & Ibrahim, 2023). The slow pace of trials for financial crime allows suspects to exploit legal technicalities, delay proceedings and in some cases, evade justice (Ekanem & Yusuf, 2021).

#### **vi. Technological Limitations**

Inadequate technological infrastructure hinders the ability of NFIU to access, detect and analyze complex money laundering schemes. Advanced financial intelligence requires sophisticated data analytics, artificial intelligence-driven transaction monitoring and forensic accounting tools to identify suspicious financial patterns (Okokwo & Bello, 2023; Faga & Nwali, 2024). This is in line with Bello and Chinedu (2023) that the NFIU lacks the necessary technological infrastructure to track and analyze large-scale illicit financial flows, particularly those involving international transactions and digital currencies. The agency's reliability on outdated financial monitoring systems limits its ability to detect money laundering allowing terrorist financiers to exploit regulatory blind spots. However, there is an inadequate trained personnel with expertise in financial crime analytics, cyber-financial

forensics and block chain tracking (Osagie, 2023).

#### **vii. Lack of International Cooperation:**

Nigeria is facing significant challenges in establishing effective partnerships with foreign financial intelligence units and international regulatory bodies. Despite the NFIU collaborates with organizations such as the FATF and the Egmont Group, intelligence-sharing is hindered by bureaucratic delays, diplomatic tensions and lack of reciprocal transparency (Agbo, 2021). Many illicit funds connected to terrorism financing are laundered through offshore accounts and global financial networks, but NFIU's ability to track these transactions is constrained by limited access to international financial databases (Akinyemi & Nwosu, 2023).

#### **viii. Extensive Informal Economy:**

This is significant challenge that hinders the NFIU's ability to fight against money laundering used for terrorism financing. Nigeria's financial landscape is characterized by widespread cash transaction, informal money transfer systems and unregulated economic activities that provide a fertile ground for illicit financial flows ranging from imposing taxes levied to vulnerable communities, ransom collected from kidnapped victims' families, extortion and robbery (Ejiofor, 2025). This corroborates with Arowolo and Olatunji (2023) that an estimated 65% of Nigeria's economy operates outside formal financial institutions making it difficult for NFIU to track and monitor suspicious transactions.

#### **ix. The Role Of Non-Profit Organization (NPOs):**

The Non-Profit Organizations (NPOs) are facilitating terrorism financing. Eze and Okafor (2022) revealed that of most charities and humanitarian organizations operate legitimately, some have been compromised for channeling illicit funds to terrorist groups under the guise of humanitarian aids. Nigeria's regulatory framework for monitoring NPOs is still evolving and there are challenges in enforcement that allow some organizations to by-passed the process. A key issue is the lack of rigorous financial reporting



requirements for smaller NPOs, which makes it easier for criminal entities to use them as cover for transferring funds undetected. Additionally, the reluctance of many civil society organizations to cooperate with regulatory bodies due to concerns over government overreach has created further obstacles in ensuring transparency in the non-profit sector.

#### **x. Growing use of Artificial Intelligence (AI):**

The use of artificial intelligence (AI) poses another challenge to the mandate of NFIU. Despite technological advancements have improved financial monitoring capabilities, criminals have also leveraged AI to develop more sophisticated money laundering schemes that are harder to detect. Lawal and Ogunleye (2023) maintains that cyber-enabled financial crimes have become more prevalent, with criminals using AI techniques such as deep fake identity fraud, automated money laundering networks and algorithmic trading to obscure illicit financial flows.

#### **Conclusion**

The paper concludes that NFIU has been effective in contributing to the maintenance of national security in Nigeria though its fight against money laundering for terrorism financing in the country. Similarly, while the unit has made progress in tracking illicit financial flows, its capacity is limited by outdated regulatory frameworks and bureaucratic inefficiencies. Comparative studies indicate that countries with stronger financial intelligence units, such as the United States and the United Kingdom, invest heavily in data analytics and inter-agency cooperation.

Nigerian reliance on traditional banking oversight mechanisms rather than advanced forensic financial analysis hinders the effectiveness of the NFIU. Therefore, being the country's main agency charged with the responsibility of coordinating the gathering of financial intelligence, the agency must redoubled its efforts in detecting, analyzing, prosecuting and preventing money laundering in the country for terrorism financing.

#### **Recommendations**

In light of the challenges highlighted in the paper, the following recommendations are proposed:

1. The Federal Government of Nigeria should legislate new laws to legally strengthen the NFIU to prevent it from being influenced and manipulated by politicians in the country.
2. The NFIU should meet up with the international technological standard that will serve as a fertile ground in accessing, detecting and intercepting money laundering in Nigeria.
3. The NFIU should strengthen collaboration with international Financial Institutions that will help in sourcing information on transaction from overseas suspected for financing terrorist and insurgency in Nigeria.
4. The NFIU should be committed in rigorous training and retraining of personnel to compete with international financial intelligence agencies in terms of working experience and familiarity with other transaction channels that defy interception like crypto-currency.
5. Corruption among officers of NFIU and in agencies should be minimized to the barest level if to prevent them from being compromised by the terrorists or terrorist financiers.

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