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MONEY LAUNDERING AND UNDERDEVELOPMENT IN NIGERIA: A CRIMINOLOGICAL RE-APPRAISAL

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Abstract

Money laundering, one of the most typical financial crimes globally, is an organised and transnational crime that has ravaged Nigeria's economic growth and development. It is a sort of crime that is difficult to detect due to the flexibility and adaptability of its operations, the vast amount of money at the disposal of those involved in it, the ingenuity of its operators, the adoption of the latest technological know-how by launderers, and the characteristic of the perpetrators, who are constantly pursuing profits and the opportunity to foray into new areas of criminal activity. Nigeria has had and still has its share of money laundering issues perennially. Indeed, the problem is becoming more intractable partly due to the many loopholes in the legal and regulatory mechanisms formulated to tackle it and the lackadaisical approach of the operators and enforcers of regulations responsible for nipping the problem in the bud. Coming from this background, this article relying on secondary sources of data collection puts forward a criminological reevaluation of the emergence, magnitude, and 'modus operandi' of money laundering in Nigeria. The paper further highlights the country's nexus between money laundering and underdevelopment.

Keywords: Money laundering, Underdevelopment, Crime, Criminological Assessment, Nigeria,

1. Introduction

Money laundering is one of the most prevalent forms of illicit financial flow, with devastating consequences for countries' economic development and overall growth. It is a means by which wealth made criminally is processed through a formal financial system to appear to have been legally obtained. The ubiquity of money laundering has shown, time and time, that it is not an epoch or location-specific issue, but a shared problem between developed and developing countries. Recently, this vexed issue has become more worrisome and therefore attracted a genuine concern, particularly among the world's developed economies, partly due to the discovery that the September 11 terrorist attack in the United States was primarily financed by laundered funds made available for terrorist organisations (UNODC, 2021).

In line with the International Monetary Fund (IMF) and World Bank estimates, criminal elements worldwide now launder nearly four trillion dollars yearly. Also, it has been discovered recently that a significant number of launderers have perfected the art of using the old and modern formal financial systems and payment platforms such as Bitcoin, Ripple, hawala, trade-based money laundering, and cash couriers, mainly in countries with weak or non-existent national anti-money Laundering to finance terrorism (UNODC, 2021). Consequently, money laundering and financing of terrorism have now assumed the proportion where they are seen as severe, sophisticated criminal activities and actions detrimental to human rights, democracy, and the rule of law in general (UNODC, 2021).

People engage in criminal activities such as money laundering mainly to make more money without facing the full wrath of the law. Unlike other law-abiding people that engage in legitimate businesses and services to make money, launderers care less about the legitimacy of the sources of their funds. Launderers are less concerned with the integrity of the origins of their funds than other law-abiding individuals who work in real enterprises and provide legitimate services to earn a living. To enjoy the profits of their crime without jeopardising its source(s), launderers prioritise hiding the origin and sources of their unlawful funds. Money launderers use various methods and tactics similar to those used by other criminals to create a haven for their illicit funds.

Many experts on illicit financial flows view money laundering as an ill wind that blows no one any good except those directly involved in this illegal and mostly covert activity. Money laundering has been noted as a hindrance to the economic advancement of many developing nations. It has chiefly reversed the economic growth and progress in developing economies, particularly in Asian and African countries. No doubt, the United Nations Office on Drugs and Crime (UNODC) has expressed concern in the document titled "Strategic Vision for Africa 2030" that money laundering is an illicit flow that has continued to serve as hurdles and restrictions to the achievement of the 2030 Agenda and the African Union Agenda 2063 (UNODC, 2021). This assertion is predicated on the multifaceted and global character of money laundering, which promotes a significant domestic resource to be obtained illicitly and channels out for personal benefit. For UNODC, this poses a continent-wide development challenge. For instance, the challenge of problems associated with money laundering in SSA and most parts of Africa has remained an obdurate conundrum. Indeed, in sub-Saharan Africa (SSA), many countries have lost billions of dollars to this malady (Erik, 2015).

Over many decades since her independence, Nigeria, despite its abundant human and natural resources, has remained stuck in the quagmire of underdevelopment, poverty, unemployment, inequality, infrastructural deficit, and economic disorders resulting partly from money laundering. Indeed, the mobilisation of domestic public resources, depicted by many as an enduring catalyst for attaining Sustainable Development Goals (SDGs) and targets, has numerous times failed to bring the country out of her decades of economic quandary and woes partly because of several effects of laundered money (Oluwadayisi & Mimiko, 2016). As established in the literature, money laundering has a pronounced telling impact on development in Nigeria; it has caused systematic underdevelopment in the country. The prevalence of money laundering activities in many parts of the country has resulted in the diversion of money earmarked to provide social and infrastructural amenities for individual use. For Adekunle and Alokpa (2020), money laundering is not a novel or recent phenomenon in Nigeria; it is a debacle that has bestridden the country like a colossus for decades. Researchers such as Adekunle and Alokpa (2020) have likened it to a steady cankerworm that has eaten deep into the national economy (growth), dragging economic development backwards.

As aptly demonstrated in the literature, money laundering is one of the many ways criminals (launderers) ensure crime pays. This explains why those who engage in antisocial activities like drug trafficking, organised crime, terrorism, blackmail, arms trafficking, and the like hide the sources of their illegal funds to avoid being caught and face possible punishment when such funds are used. In many parts of the world, money has been laundered through several financial transactions taking place in activities occurring in financial outlets such as currency exchange houses, gold dealers, casinos, insurance companies, trading companies, private banking facilities, offshore banking, wire systems, trade financing, automobile dealership and many others.

In line with all criminological assessments, the impetus for this study stems from the need to study the nature, extent, causes, and control of money laundering in Nigeria. Based on this, the central aim of the paper is centered on stimulating a scholarly discourse on money laundering in Nigeria, its history, the stages of its operation or its modus operandi, and its role in fueling underdevelopment in the country.

Money Laundering: Connotations, Historicity and Effects on National Economies: In light of the above, the questions readily begging for answers are: What does money Laundering connote, and how is the concept explained in the literature? Many scholars and researchers have tried to describe and explain money laundering and what makes it illicit. Steel (2006) sees money laundering as an illegal means of covering up the source, nature, existence, location and disposition of money or property through unlawful and illegitimate activities like embezzlement, prostitution, corruption, drug trafficking and other related large-scale criminal activities. For Bauer and Ullmann (2000), money laundering occurs when the origin of funds or financial assets is criminally disguised to avoid detection and risk of persecution. In short, he depicts money laundering as involving monetary transactions or property sourced criminally.

Similarly, Baker (2013) posits money laundering as all practices aimed at disguising the source of money or profits made illicitly to integrate them into a legitimate economy. In summary, money laundering is tantamount to “washing” dirty money to present or making it look clean and legal. To achieve this, launderers engage in multiple transactions to conceal the source/s of their illegally made financial assets to use such funds without being caught.

Harping on the deep-seated nature of illegality surrounding money laundering, Steel (2006) describes a complex process involving a cycle of financial transactions to clean up money made from illegal activities through legitimate business so that whatever illegality committed will be untraceable. To complete this cleanup process, i.e. making ‘dirty or illegal money’ clean and legal, the source/s of the funds are masked through several transfers and deals.

In an attempt to coin an appropriate definition and description of a launderer, stipulates of a legal instrument described a money launderer as:

Any person who; “Converts or transfers resources or properties derived directly from; Illicit traffic in narcotic drugs and psychotropic substances or Participation in an organised criminal group and racketeering, terrorism, terrorist financing, trafficking in human beings and migrants, smuggling, tax evasion, sexual exploitation, illicit arms trafficking, stealing, bribery and corruption, counterfeiting currency, counterfeiting and piracy of products, environmental crimes, murder, grievous bodily injury, kidnapping, illegal restraints and hostage-taking, robbery or theft, smuggling, extortion, forgery, piracy, insider trading and market manipulation and any other criminal act specified in this Act or any other legislation in Nigeria relating to money laundering, illegal bunkering, illegal mining, with the aim of either concealing or disguising the illicit origin of the resources or property or aiding any person involved to evade the illegal consequences of his action the goods:.”

In the same version, the Financial Action Task Force (FATF) captures money laundering to be;

“The conversion or transfer of property knowing that such property is derived from an offence, to conceal or disguise the illicit origin of the property, or assisting any person involved in the commission of such an offence in evading the legal consequences of his actions. In other words, it is the concealment or disguising of the true nature, source, location, disposition, and movement rights concerning or ownership of property, knowing that such property is derived from an offence; (and) the acquisition, possession or use of property, knowing at that time of receipt that such property was derived from a criminal offence or an act of participation in such an offence.”

The term "money laundering" depicts a series of illegal practices people use to disguise illicit funds and plough the same into the legitimate economy. Corrupt people and perpetrators of financial crimes adopt money laundering to mask the authentic sources of illegally made wealth.

This illicit activity allows them to evade law enforcement and use their proceeds for personal means. From numerous pieces of literature on illicit fund transfer, no author or researcher has successfully brought to the fore the exact period in history money laundering was birthed. Literature is awash with several claims and counterclaims signalling how money laundering originated globally. Hence, the diversity of unrelated accounts regarding the origin and historicity of money laundering worldwide. For Baker (2013), the first set of illegal financial activities that assumed the dimension of modern money laundering occurred in the West. According to him, the unlawful actions of corrupt government officials and tax evaders engaging in capital flight across borders gave birth to this illegal activity. This Act of laundering money was also replicated in the 1960s and 1970s by drug dealers who later honed their skill of moving illicit money across various borders within the countries in the West. Similarly, during the 1980s and 1990s, other racketeers who had witnessed the successes recorded by drug dealers in money laundering ventured into illegal structures to move their illegally made money across borders. Recently, terrorist financiers, criminal syndicate heads, and drug dealers now utilise money laundering to move illicit money across borders.

For historian Seagrave (1995), efforts to protect illegitimate funds from the unwanted prying attention of the government and other law enforcement agencies are not a modern phenomenon. According to him, engaging in dirty money long predates modern-day influences like crime cartels, tax havens and other recent techniques such as cyber-laundering. In his book *Lord of the Rim*, he reiterated how Chinese merchants, over three thousand years ago, perfected concealing their wealth by moving cash out of their territory before converting the money into moveable assets elsewhere in case they were banished (Morris-Cotterhill, 1999). Similarly, a group known as Anti-Money Laundering Forum has traced the origin of money laundering to the activities of Pirates during the 13th Century. In their submission, pirates operating along some international trade routes on the high seas stole from traders and masked the sources of money they made from selling their loot.

Gelemerova (2011) believes that money laundering-related activities existed even before some Chinese traders began concealing their wealth to disguise their fortunes to prevent payment of taxes to the government. She cited Uribe (2003) to underscore money laundering activities associated with people who lived before the medieval period. According to her, people engaging in money laundering activities did so to cover their illegally made a fortune from the banned money-lending businesses. Relatedly, Onyiliogwu (2018) cited a source in the literature that traced the origin of money laundering to the illegal financial activities of Al Capone and the Italian Mafia during the era when the sale of alcohol was banned. He highlighted how Al Capone and his other criminal elements surreptitiously used 'dirty money realised from prostitution and bootlegged liquor sales to fund their legitimate business of laundromats.

In the Nigerian context, literature still needs to be improved in providing the exact period that the issue of money laundering evolved and the specific unlawful financial activity that could be touted as the first case of the menace in the country. Despite this apparent lacuna in the literature, some scholars did identify the era when the government began witnessing declining oil

boom fortunes due to the fall in the prices of crude oil in the international market in the 1980s and the resultant austerity measures (Structural Adjustment Programme of the federal government) put in place by the federal government to stem the adverse economic tide in the country as what nudged many people into money laundering and other related vices. According to this account, the unsavoury financial situations of some Nigerians occasioned by the slight blip in the fortune of the country, coupled with their innate high-level greed and avarice, caused many to delve into illicit acts such as money laundering, ritual killing, assassination, drugs peddling, prostitution and other fraudulent activities (Kama, 2005).

In assessing the rudiments of money laundering in contemporary times, van Duynes (2003) pointed out three elements of the vice which he labeled as placement, layering, and integration. The first stage, placement, consists of the physical movement of illegal or illegitimate funds into account/s that is not open to the 'prying eyes' of law enforcement agencies but accessible to the criminal elements involved in money laundering. The funds are later introduced into recognised financial institutions and the retail economy within the country. More often, purchases are made with illicit funds within a legitimate economy at this level. The second stage, layering, is when the proceeds are separated from the illegal source using multilayers of complex financial transactions. This stage describes the level or point at which repeated transactions are made to conceal the source of the funds.

The third stage, integration, showcases where illegal proceeds are converted to legitimate business via regular business or financial transactions. This stage expounds the point at which funds are entirely and gradually integrated into the economy. Indeed, not all money laundering cases necessarily pass through these stereotypical stages. Some cases are more than the phases itemised above. In line with the preceding, the common denominator of all money laundering cases is the attempt to hide the ownership and origin of illegitimate funds, collect the proceeds, and transmute the proceeds through sophisticated means into legitimate profit-making ventures.

Other dominant though not too noticeable routes through which money laundering follow in many parts of the world are highlighted as thus in the literature. i. Domestic money laundering which accentuates when money made illegal within a country is laundered and invested within the same economy. ii. Returning laundered funds - this categorisation is explained when funds laundered abroad are partially or fully returned to the country from which it was laundered. iii. Inbound funds are monies illegally made and laundered abroad and later invested or transferred to the local economy. iv. Outbound funds describe any capital flight from a local economy that is yet to return for integration in the country of origin. v. Flow-through funds – this captures the form of laundered funds that enter a country from another and return essentially for integration into another country (Kama, 2005).

Highlighted below are the primary means of laundering money globally (Kato Kingston, 2020):

1. Assignment – this is a method used interchangeably to mean structuring or smurfing. The modus operandi of money laundering involving assignment is lodging illegally made fortune or funds into legitimate financial and social institutions to convert the assets into smaller units for transfer to other sources (Gelemerova, 2011). With the assignment, large sums of money illegally acquired are deposited in bits and pieces in various outlets such as bank accounts, building societies, cooperative societies, and financial investment schemes over a long period. Such illegally made money is often used to purchase ostentatious goods abroad and shipped into another country, where the goods are later sold for cash.
2. Layering or Shielding - this method boasts numerous stages of masking and concealing illicit assets by money launderers to cover the tracks of their illegitimate resources to avoid detection.
3. The next stage is what is known as mixing. At this point, the launderers divert the newly acquired illegal assets into legitimate business processes. This cleans up the illegitimate funds and consequently draws profits from them. Also, launderers could, at this point, partner with unsuspecting foreign business person/s and use the legitimate platform of the partner/s to stash away their loot from detecting authorities. As recently experienced in Nigeria, mixing could come from launderers making secret pledges with charitable organisations such as religious centres to mix launderers' stolen assets of politicians with church possessions to avoid detection.
4. Cash-based Switching occurs when money launderers smuggle raw cash from their country to another and deposit it into banks, particularly in a receiving country with low financial and banking restrictions.
5. Cash-Concentrated Outfits – worldwide, money is laundered through cash-concentrated outfits (CCOs). CCOs are enterprises found virtually everywhere with unregulated monetary transactions or financial control. Some of the institutions that constitute CCOs are charitable organisations and religious groups. One unique thing about this group is that they are exempted from some regulatory controls. For instance, religious organisations are regarded as non-governmental in many African countries. Hence, they are allowed to operate several bank accounts with a vast amount of money without the government inquiring about the sources of their funds.
6. Exchanged-Based Laundering – this method describes how money launderers conspire with businesses and pay more than the cost of goods procured or services rendered. The owners of such enterprises later issue invoices with outrageously high amounts to the affected money launderers, who also pay the value of the invoice into the bank account of the business owner/s. With this method, the business owner/s clandestinely hold on to the excess money paid into his bank account and issues cheques in small amounts to pay the extra amount of money he has concealed for the launderers.
7. Secret Trust and Shell Companies – money launderers also use shell companies to hide the source/s of their illegally made money from the government's and its agencies' prying eyes. The companies in this category are considered Shell because

- they are non-trading platforms for various financial manipulations. Legally, shell companies have no compulsion to disclose who owns the assets and equities in their care. In this regard, shell companies have become the darling institutions of money launderers because their secret trusts may be protected from disclosure.
8. Concealment through Regulatory Capture – the standard practice under this category is about how members of powerful cartels penetrate governmental regulatory agencies with the aid of bribery, lobbying and corruption, thereby weakening the enactment and enforcement of regulatory laws and legal instruments put in place to curb money laundering and penalise the offenders. More often, the gratification members of this powerful cartel offer to law enforcement agencies ensure that all their money laundering misdeeds are overlooked.
 9. Property Dealings – investment in real estate is another common way of laundering money in many parts of the world. The launderers used illegally made money which sources are masked to buy landed properties, which are later resold with the caveat that buyers should make payments directly into the bank accounts of the launderer.

Causes of Money Laundering

Like many other criminal activities worldwide, catalogue of reasons for money laundering abound in the literature. These factors/reasons are multifaceted and endless due to their eclectic nature. However, for the purpose of this work, the following are identified to showcase factors influencing the constant rise in money laundering cases in Nigeria as documented by Alawiye-Adam, Adegoke, Ibitoye and Olusola (2013).

One of the major factors responsible for seemingly unending or increasing money laundering cases in Nigeria is the obdurate corruption cases coupled with weak legal institutions necessary to counteract financial misconduct in the country. Without gainsaying, the overall rising cases of corruption in Nigeria are a catalyst for money laundering. Money launderers always need help in a country where officials working in institutions that should detect and report the activities of launderers are corrupt. Similarly, money laundering will thrive in a society where legal and political institutions are weak, and the supposed guardians of government policies are rent-seekers. Another factor closely related to corruption and weak institutions as purveyors of money laundering in Nigeria is greed. Money launderers are known for their high greed level. People with a high insatiability for money, who score high on greed, will discountenance and disregard regulations guiding all forms of illegality to make more money.

For a long time now, inherent loopholes in the monetary policy in the country have been some of the factors influencing the rise in money laundering cases in Nigeria. The hiatus in some of the policies formulated to prevent money launderers from perpetrating their illicit activities has been exploited repeatedly to aid the smooth money laundering within and outside the country. Another related factor is the excessive disregard for laws and regulations of launderers that made them unable to comply with the country's national economic and financial rules. Other oft-cited factors promoting an upward trend in money laundering cases in Nigeria are the burgeoning number of members of the corrupt political class and the ineptitude of the criminal justice system. Aside the fact that many political elites unduly use their offices to steal public funds, most of the personnel of the law enforcement agencies in the country are equally corrupt.

Impacts of Money Laundering on the Nigerian Economy

The fact, however, that money laundering is an illegitimate financial transaction underscores the reason its activities are largely shrouded in secrecy. Due to its clandestine and concealing nature, ascertaining its scope globally has become an endless and daunting exercise. In 2001, the International Monetary Fund (IMF) and the World Bank, through some estimates, calculated that between 2-5 per cent of the world's Gross Domestic Products, which amounts to 1.5 to 2.0 trillion dollars per year, was from concealed illegal and illegitimate sources (IMF, 2001). Similarly, Agarwal and Agarwal (2006), adopting regression analysis and forecasts, provided an estimated 5-6 per cent of the world GDP from illicit financial transactions. At these rates, money laundering accounts for injecting between \$2.0 and-2.5 trillion annually into the global economy. In the same vein, Walker (2007), adopting input-output and gravity models, claims that money laundering contributes up to \$3.0 trillion per annum to the global economy. The bottom line is that no one has an accurate or exact figure of the amount laundered yearly. The consensus, however, is that a phenomenal sum is laundered globally every year.

Like many other antisocial activities that are rife globally, money laundering in whatever form portends its numerous consequences on individuals and the nation. Frankly, unattended and unregulated money laundering activities can spell immeasurably great dangers to any national economy. Particularly in Nigeria, different commentators and various social research findings have shown potpourri damaging and corrosive effects of money laundering on economic growth, social well-being, and national development. The literature is inundated with several ways money laundering has negatively impacted financial institutions in the country. More often, it reduces productivity in the real sector and ensures resource diversion, abetting crime and corruption.

It is difficult to accurately estimate how much money individuals and the country have lost to laundering activities in Nigeria. In reality, a vast sum has been lost due to the antics of money launderers who engage in this illegal means unabatedly. According to Elumelu (2007) and an excerpt from Vanguard Newspaper of 25, 2005, Nigeria recorded a staggering loss amounting to US\$600 million and US\$ 100 billion, respectively, to money laundering and its related activities between the mid-1980s and 1999 and 2001 and 2004. It is also on record how a former Head of State in Nigeria, General Abacha, laundered US\$4 billion to some banks in London and Switzerland and another US\$30 billion to other international fraud syndicates in a bid to launder money (Okauru, 2006; Regis, 2005). It is well documented that unchecked money laundering can erode the integrity of financial institutions and, at the same time, adversely impact the currencies and interest rates of any given country. The fact that laundered money flows into global economic systems shows it could undermine national economies and currencies if and when left unchecked.

Money laundering is a complex problem that requires a cross-cutting task to reduce its spread adequately. Particularly in emerging economies and markets, many negative impacts of the vices on the micro and macroeconomics activities have shown several downsides of money laundering. As itemised in the article by McDowell and Novis (2001), some socio-political and economic problems connected to money laundering are highlighted below.

First, money laundering has hugely discouraged the legitimate private sector. Evidence abounds in the literature regarding the extent of havoc that money laundering causes in the economies of different countries. One of such effects is how it has negatively impacted the

private sector. To launder their funds, criminals often invest their ill-gotten money, sometimes from activities such as drug-related businesses and other illegitimate sources, in legitimate businesses. However, the front companies are therefore put in a position to have direct access to substantial funds made illegally, giving them the edge over their competitors. Consequently, the illegally made fund allows the front companies to subsidise their products and services below the ruling market rates or production costs to the detriment of other competitors. These illegal activities give the launders and their front companies a competitive advantage to have unhindered access to funds over other legitimate businesses. If not curtailed on time, it would be possible for genuine companies that have no access to such illegitimate funds to compete favourably with those benefiting from laundered funds. Examining some of these negative impacts in micro-and macroeconomic realms helps explain why money laundering is a complex threat, especially in emerging markets.

Secondly, money laundering causes a reduction in the integrity of financial markets. Research findings have shown that financial institutions that rely on the proceeds from criminal activities always suffer integrity problems. The integrity problem is bound to occur due to the rapidity of how large sums of money deposited in such financial institutions disappear suddenly, without or with short notice through wire transfer. Such disappearances have been established in the literature to have caused liquidity problems and bank failures globally. Loss of control over economic policy is another effect of money laundering. According to commentators like Michel Camdessus, a former managing director of the International Monetary Fund, who evaluated the scope of money laundering worldwide, such staggering amounts from illicit funds may dwarf the government budgets in some emerging market countries, leaving the government without control over economic policy.

Money laundering will adversely affect currencies and interest rates when allowed to grow unfettered as launderers undetectably reinvest their funds. It will undoubtedly increase the threat of monetary instability due to the misallocation of resources from artificial distortions in asset and commodity prices commonly experienced in any economy when money is laundered. Related to this is that money launderers are mainly interested in protecting their proceeds rather than 'investing' them. However, in the real sense of investment, this is not economically beneficial to the country where the funds are stashed or invested. As commonly seen globally, economies of the countries where such money is found suffer when launderers redirect funds from sound investments to low-quality ones to hide their money.

Another direct consequence of money laundering activity is that it negatively affects tax revenue and, at the same time, creates problems for genuine taxpayers. Aside from the fact that tax collection is more complicated when money is laundered uncontrollably, taxpayers pay higher tax rates than they should if all proceeds are taxed legitimately. The literature has often established that money laundering poses a formidable risk to privatisation efforts in any country. It negatively affects the governmental efforts to introduce reforms into economies through privatisation as launderers outbid legitimate buyers of state-owned enterprises.

Undoubtedly, money laundering causes reputational risk for countries with fewer restraining measures for such illegal activity. Notably, in the modern-day global economy, financial institutions in countries with money launderers will lose their credibility and tarnish their reputation due to their illegitimate association with laundered funds. The fact also remains that money laundering activities and other related financial crimes erode the confidence reposed

in financial markets in any given country. As a result, the accompanying negative implications of money laundering considerably diminish licit global business opportunities and attract other international criminals who see such a country as a haven where illegal activities thrive.

Another twist, albeit social cost, to the issue of money laundering is that it allows criminals such as drug traffickers, smugglers and many others to seamlessly spread their tentacles and operations in different countries of the world. Thus, this inevitably raises the cost of governance due to increasing the law enforcement option needed to combat the dire consequences of laundered money. Another social cost of money laundering is that laundering-related activities transfer economic power from the market, government, and ordinary citizens to criminals. The enormous amount in the hands of money launderers can lead to illegitimate people take over of governmental power.

Counteracting Money Laundering Activities in Nigeria

Money laundering-related activities have defied several cross-cutting tasks employed to counteract its continued existence and spread in many parts of the world. The free rein that many money launderers enjoy is not unconnected with the global nature of the menace, the suppleness and adaptability of its operations, the use of the latest technological means and professional assistance, the inventiveness of its operators, the expansion of people involved into new areas of criminal activity, and the vast resources at the disposal of people that engage in this illicit activity. Like many other African countries, Nigeria has made various legal and financial regulations and controls to prevent, detect and report money laundering activities. Among these measures is Nigeria's adoption of guidelines and strategies of the Financial Action Task Force (FATF) and the international framework of anti-money laundering standards. To complement this, Nigeria passed her Anti-Money Laundering Act in 2001 – the Act that expanded the scope of the 1995 Act from drugs to include any crime and other illegal activities.

Despite Nigeria's embracement of FATF's anti-money laundering standards and framework, the country was found deficient in her anti-money laundering laws many times. Particularly in the year 2000 and 2013, the country has been found not cooperating with FATF terms, conditions, and regulations in her fight against money laundering. During those periods, Nigeria was found guilty of running afoul of anti-money laundering programmes, which require criminalising money laundering and providing the necessary powers and tools for the relevant governmental agencies to investigate laundering cases and share valuable and appropriate information with other countries. The same FATF regulations also direct countries to mandate their financial institutions to identify their customers, float risk-based controls, keep records and report suspicious activities. Aside FATF's several adverse reports on Nigeria's lackadaisical approach to counteracting money laundering; Transparency International (TI) had earlier described Nigeria as one of the most corrupt countries in the world. Corroborating the assertions of FATF and TI, the United Kingdom's supervisory authorities sometimes affirm that the worth of illicit transactions that originated from Nigeria has amounted to \$1.3 billion between 1996 and 2000.

As part of the measures to counter evils associated with money laundering in Nigeria, the Federal Government in 2003 established the Economic and Financial Crimes Commission (EFCC) with the sole responsibility of investigating economic and financial crimes and bringing

offenders to book. In line with the Money Laundering Prohibition Act of 2004, EFCC was the coordinating agency for enforcing money laundering. The 21 Board members of EFCC are drawn from other law enforcement agencies and groups such as the Police, the Department of State Security Service, the Nigerian Customs Service, the National Drug Law Enforcement Agency, the Central Bank of Nigeria, the Nigerian Deposit Insurance Corporation, the Corporate Affairs Commission, the Nigeria Postal Service, National Insurance Commission, the Securities and Exchange Commission, and the National Intelligence Agency. In addition, the EFCC was saddled with managing the Nigeria Financial Intelligence Unit (NFIU). This body is mainly responsible for collecting and analysing all financial data. It includes suspicious transaction reports from all financial and non-financial institutions to gather intelligence for law enforcement agencies and other regulatory bodies in the country.

Despite all the legislative and regulatory frameworks formulated by Nigeria over the years to counteract money laundering and its attendant activities, there are still a lot to be achieved regarding reducing the magnitude of the problem or nipping the menace in the bud. The fact that the problem is far from waning is evident in how Nigeria came 17th out of 126 countries ranked in 2022 by Basel Institute of Governance, an international non-profit organization, on the perception of the level of money laundering and other financial crimes and offences globally (Punch Editorial, 2022).

Conclusion

The paper has holistically reviewed how the spate of money laundering in Nigeria in recent times has taken an upward dimension with dire consequences for economic and social development in the country. It equally harped on how money laundering has inadvertently placed a considerable amount of money in the hands of criminal elements, enabling them to further their criminality and correspondingly feather their nest. As a review, efforts were also made in the paper to highlight factors responsible for the ineffectiveness of various national and international policies and measures tailored to control money laundering-related activities within the country. The article concludes that the country's current working environment and prevailing economic condition, which reeks of excessive bribery and corruption, is an albatross in effecting the fight against money laundering in Nigeria. It also decries how many perpetrators of money laundering have been left off the hook and their corruption cases dismissed abruptly due to kickbacks received by those who ought to have enforced and implemented the law. Another noticeable setback currently plaguing measures to counteract money laundering in the country is that the government needs more political will to implement various existing regulatory and legislative frameworks to punish erring public and government officials that form the majority of people who perpetrate money laundering.

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