



MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT

OF THE NIGERIAN CASINO SECTOR

2022 - 2024



April 2025

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Abbreviations

Acronym	Meaning
AML	Anti-Money Laundering
CFT	Counter Financing of Terrorism
SCUML	Special Control Unit Against Money Laundering
EFCC	Economic and Financial Crimes Commission
STR	Suspicious Transaction Report
CTR	Currency Transaction Report
ML	Money Laundering
TF	Terrorist Financing
FATF	Financial Action Task Force
DNFBPs	Designated Non-Financial Businesses and Professions
NFIU	Nigerian Financial Intelligence Unit
PEP	Politically Exposed Person
ML/TF	Money Laundering/Terrorist Financing
LSLGA	Lagos State Lotteries and Gaming Authority
FSGRN	Federation of State Gaming Regulators of Nigeria
NSC	Nigerian Sanctions Committee
SRO	Self-Regulatory Organization
SRA	Sectoral Risk Assessment
ICRG	International Corporation Review Group
EGM	Electronic Gaming Machines
KYC	Know Your Customer
CDD	Customer Due Diligence
NIRA	National Inherent Risk Assessment

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Erin Harry, fsi

Director, Special Control Unit against Money Laundering

Executive Summary

This risk assessment for the Casino Sector in Nigeria was conducted as part of measures in the Action Plan jointly developed by Nigeria and the FATF International Corporation Review Group (ICRG) for Nigeria to exit the FATF Grey list. Nigeria through the regulatory authority for the DNFBP sector which is the Special Control Unit Against Money Laundering (SCUML) conducted this sectoral risk assessment for the Casino sector following the National Inherent Risk Assessment 2022 which rated the casino sector as Medium risk.

The assessment for the casino sector covered the different types of casinos operating in Nigeria specifically land based casinos and on-line casinos, the report did not cover other types of gaming activities such as sports betting, pool betting and lotteries.

The key findings of the report revealed that there is presence of on line casinos operating in Nigeria which accounted for 96% of STRs filed during the period under review, while 4% STRs were filed for land based casinos.

The report further indicated that the sector is primarily patronized by individuals and local companies, with some evidence of foreign involvement, particularly in Lagos. Online casino platforms were found to pose higher risks than land-based casinos establishments due to the ease of access and greater anonymity.

The report also highlighted the impact of the Supreme Court Judgment which has de-centralized the regulation of casinos and other gaming activities to the sub nationals.

The Nigerian casino sector was assessed as **medium risk** overall, with online casinos presenting the greatest exposure to ML activities. To address the identified risks, the report recommends harmonizing state AML/CFT frameworks, promoting risk-based customer due diligence, leveraging technology for transaction monitoring, and increased staff training. It further calls for collaborative enforcement with state regulators, entry controls through "fit and proper" checks, and structured penalties for non-compliance, especially failure to file STRs.

Chapter 1: Introduction

1.1 Background

The African continent, with a growing population and a rapidly evolving technological landscape, is witnessing an unprecedented surge in the gambling industry. This growth is also evident in Nigeria, driven by the increased adoption of mobile technology, which has expanded internet access and contributed to the rise of the middle class. With a 1.3 billion-strong, tech-savvy population, Africa and Nigeria within it stands on the brink of becoming a leading force in the global gambling market.

Nigeria's online casino sector, already valued at over \$2 billion, captures the essence of this vibrant rise, engaging an estimated 60 million Nigerians in sports betting activities.¹

The Casino market in Nigeria is adjudged to be the second-largest in Africa in terms of revenue trailing behind South Africa taking a significant share of revenue from gambling in Africa. It is estimated to have an annual market in excess of \$2 billion, primarily through online sports betting.²

Revenue in the online casino market was projected to reach ~~N~~US\$254.50 million in 2024, though confirmation is still pending. Nigeria is on the verge of a significant transformation in its digital gambling landscape

¹ <https://www.premiumtimesng.com/promoted/666582-nigerias-casino-market-a-future-outlook.html>

² <https://guardian.ng/news/nigerian-casino-market-to-mature-in-2024-experts-say/>

It is further projected that revenue in the online Casinos market is set to reach an impressive ~~N~~US\$254.50 million in 2024, it is yet to be confirmed if this was achieved, Nigeria is on the cusp of a significant transformation within its digital gambling environment.

This anticipated growth, with a robust annual growth rate (CAGR) of 6.34% from 2024 to 2028, positions the country to achieve a projected market volume of US\$325.40 million by the end of 2028. Such an upward trajectory not only highlights the market's potential but also signifies the increasing acceptance and integration of online casinos within the Nigerian gambling ecosystem.

similarly, the casino industry has the potential to contribute to Nigeria's economy through the hospital sector. A 2016 PWC report suggested that the future of the casinos may lie in the Integrated Resort Casinos, which appeal to millennials who view social experience as part of the casino experience. Integrated Resort Casinos include shopping malls and entertainment centers as they offer attractions, for different tastes, and at different times of the day thereby providing "the experienced" a recognized trend for the millennial and generation Z consumers (PwC 2011).³

Despite the immense contributions of the casino sector to economic acceleration it has also been noted that casinos are also attractive

³<https://www.pwc.com/ng/en/assets/pdf/nigeria-gaming-industry.pdf>

venues for criminals as they are consistently targeted by criminals for criminal influence and criminal exploitation.⁴

Organized crime groups seek to control or own casinos or aspects of casino operations. Casinos have been noted as a place where criminals and organized crime figures like to socialize and particularly like to spend and launder their criminal proceeds. Its cash-intensive nature, rapid growth and its susceptibility to criminal exploitation other characteristics—such as large cash transactions, complex financial operations, and the potential for anonymity—render it inherently vulnerable to money laundering (ML) and terrorist financing (TF) risks.

Nigeria's assessment by the Financial Action Task Force (FATF) 2021 through Mutual Evaluation Report (MER) highlighted significant money laundering (ML) risks associated with Designated Non-Financial Businesses and Professions (DNFBPs), including casinos, primarily due to weak supervision and inadequate compliance with customer due diligence (CDD) requirements. The FATF emphasizes the need for countries to undertake national risk assessments to understand specific money laundering/terrorist financing (ML/TF) risks a country face. This was done in 2022 by the Nigerian government by conducting a National Inherent Risk Assessment (NIRA) 2022, which identified casinos as a high-risk sub-sector due to their potential for large cash transactions and the misuse of casino chips for illicit activities.

In response to these identified risks, the Special Control Unit Against Money Laundering (SCUML) within the Economic and Financial Crimes

⁴ APG/FATF Report 2009

Commission (EFCC) is undertaking this AML/CFT risk assessment for the casino sector. This assessment aims to provide a thorough understanding of the sector's exposure to ML/TF activities and inform the development of targeted risk mitigation strategies.

1.2 Objectives

The primary objective of this risk assessment is to evaluate the vulnerabilities of the casino sector. It focuses on the types of products and services offered, the clientele involved, geographic location, transaction delivery channels, and other linked sectors.

The specific objectives of the sectoral risk assessment are as follows:

To identify specific risk factors in the sector i.e., Product/Service risks, Customer Risk, Delivery Channel Risk and Geographical Risk.

To identify the level of the Money laundering/terrorist financing risks at the different segments of the sector in Nigeria (land based and internet casinos).

To develop an empirical basis for risk categorization of operators within the sector, which will ultimately inform a risk-based supervision approach that will lead to efficient allocation of resources.

Identify the techniques and methods used by criminals to launder money through the casino sector;

Strengthen Compliance by improving AML/CFT compliance within the casino sector by promoting the adoption of best practices and ensuring adherence to FATF recommendations.

Raise awareness of the fact that the lack of comprehensive regulations for casino operators in Nigeria can be a significant barrier to investment in the country.

1.3 Scope of the Assessment

The risk assessment will cover a broad spectrum of activities and actors within the casino sector. It will include regulators, licensing authorities, operators, law enforcement authorities, financial intelligence units, self-regulatory associations etc. The assessment will also cover various subcategories of the sector, such as **land-based casinos, online or internet casinos**. The report will not cover other associated gaming activities such as sports betting, pool betting and lottery services.

The assessment covers the period 2022 – 2024.

1.4 Methodology

The assessment covered the inherent risk in the casino sector as well as the controls for mitigating the risks.

The primary data was sourced through a survey instrument specifically for the casino sector, which includes operators, Regulators and Supervisors, comprising public agencies with licensing authorities, oversight on money laundering and terrorist financing issues. Self-Regulatory Organizations (SROs), which are mainly governing associations.

Additionally, the assessment incorporates statistics from the NFIU and secondary data and information sourced from published literature, such as the National Residual Risk Assessment Report (2022), Money

Laundrying and Terrorist Financing (ML/TF) typologies reports, and other international guidance documents.

Risk Categorization

From the qualitative and quantitative data analysis, the assessment adopted a four-scale risk categorization approach comprising: High (H), Medium-High (MH), Medium (M) and Low (L) risk levels. For each type of risk assessment for geographic, client, transaction and channel, and controls and mitigation, key contributing factors are identified and assigned risk levels. Based on the risk levels specified, a risk rating is then assigned.

Risk Levels and Colour Codes

Risk Level	Colour Code
High	Red
Medium-High	Orange
Medium	Yellow
Low	Green

Chapter 2: Overview of Legal Review of State Gaming Laws in Nigeria

2.1 Background

The emergence of gaming and casino operations has led to the development of laws and regulations to guide activities of operators and licensing authorities in Nigeria. Lagos State Lotteries and Gaming Authorities (LSLGA) is the pioneer gaming regulator in Nigeria with a robust framework for the gaming sector.

At the Federal level, the National Assembly enacted the National Lottery Act, 2005 to regulate the business of lottery including casinos across the states in Nigeria. The commission was set out to regulate the operation and business of national lottery in Nigeria.

- To set standards, guidelines and rules for the operation of national lottery in collaboration with the licensees.
- To promote transparency, propriety and integrity in operation of lottery.
- To ensure the protection of the interest of players, stakeholders and the public.
- To carry out periodic assessment of the operations of national lottery in Nigeria and submit report to the president and National Assembly.

- To perform such other duties as may be directed by the president, from time to time, and as necessary or expedient to ensure the efficient performance of the functions of the Commission.⁵

This Act was operational and effective till its authority was challenged in Court by 22 states of the Federation. The case was decided in November, 2024.

The basis for the challenge was premised on the provisions of the 1999 Nigerian constitution. Nigeria practices federalism, a system of governance in which power is constitutionally divided between a central (Federal) government, the various State governments and their various local government authorities. This structure allows each level of government to exercise authority over specific matters within its jurisdiction as outlined in the Constitution.

Consequently, the National Assembly shall have power to make laws for the peace, order and good government of the Federation or any part thereof with respect to any matter included in the **Exclusive Legislative List** set out in Part I of the Second Schedule to this Constitution.

The 22 States had submitted that the operation of lottery within the States is exclusively vested in the respective State Governments which they can exercise by laws enacted by their Houses of Assembly. This is because the subject of lottery is not listed in either the Exclusive or Concurrent Legislative Lists. As a result, it falls under the Residual Legislative List,

⁵ Federal Republic of Nigeria: National Lottery Act 2005, Law Regulating Lottery businesses in Nigeria.

granting State Houses of Assembly the authority to legislate on it, as provided under Section 4(7) of the Nigerian Constitution .⁶

2.2 Key Pronouncement by the Supreme Court of Nigeria

- A declaration was made that the constitution of the Federal Republic of Nigeria, 1999 (as amended), does not include lottery as a subject on which both the National Assembly and State Houses of Assembly can concurrently legislate
- A declaration was made that the power of the National Assembly to make laws to regulate and control the operations of lottery is limited by the 1999 Constitution to only **the Federal Capital Territory**.
- A declaration was made that the National Lottery Act, N145, Laws of the Federation of Nigeria is inconsistent with the provisions of the 1999 Constitution.
- 3. An order was made nullifying the entirety of the **National Lottery Act CAP N145**, Laws of the federation of Nigeria

2.3 Decentralization of Casino/Gaming Regulations in Nigeria

The recent decision of the Supreme Court in nullifying the National Lottery Act has now placed responsibility of regulating the lottery and casino sectors on various state Governments.

⁶ IN THE SUPREME COURT OF NIGERIA HOLDEN IN ABUJA ON FRIDAY THE 2ND DAY OF NOVEMBER, 2024 BEFORE THEIR LORDSHIPS:SC/1/2008

Some states in Nigeria have developed its regulatory framework for casino operations, licensing, compliance, and enforcement. However, these state-level laws vary significantly in terms of their scope, enforcement mechanisms, and alignment with anti-money laundering (AML) and counter-terrorist financing (CFT) obligations.

2.4 Legal Reviews

This legal review examines the gaming laws enacted by key Nigerian states—Lagos, Kaduna, and Edo—are assess their effectiveness in addressing money laundering (ML) and terrorist financing (TF) risks within the casino sector.

Lagos State Lotteries and Gaming Law, 2021

Establishment of the Lagos State Lotteries and Gaming Authority (LSLGA):

The LSLGA is the principal body overseeing gaming operations in Lagos.⁷ LSLGA regulates and issues retail, virtual and/or on-line operating licenses to a plethora of gaming categories which includes but not limited to Public Online Lottery, Online Sports Betting, Scratch Cards, Interactive games, Casino, Gaming machine, Pool betting, Other lotteries (promotional competition), Remote gaming, Online and Retail gaming and related activities in Lagos State. In line with global best practices, LSLGA conducts surveillance, inspection, and compliance exercises on operators within Lagos State in addition to ensuring all license fees, gaming levies/Good Causes Levy (GCL), promo and draw fees, penalties and license renewal fees are promptly paid to Government.

⁷Lagos State Lotteries and Gaming Law, 2021.

Scope of the Law

Licensing Requirements: Operators must obtain licenses for various gaming activities, including online casinos and physical betting establishments.

AML Compliance: The law includes provisions mandating casinos to implement KYC and STR reporting, aligning with federal AML regulations.

Taxation and Revenue Allocation: Lagos imposes levies on gross gaming revenues, directing funds toward social and infrastructure projects.

Consumer Protection and Responsible Gaming: The law includes self-exclusion programs and advertising restrictions to protect consumers.

Kaduna State Tax (Codification and Consolidation) Law, 2020

The law captures promotional lotteries, gaming, casino, sports betting and tombola tax. The law requires any prospective operator in the State to make payment of a non-refundable application fee in writing for operating license which application shall contain information as the Service shall specify.⁸

The law further requires that the promotional lottery, gaming, casino, sport betting or tombola tax may be reviewed by the

⁸ Kaduna State Tax (Codification and Consolidation) Law, 2020

Service from time to time after due consultations with major stakeholders.

Every Licensee shall keep books of account of all its transactions and dealings in the State and shall enter therein, true and accurate records of all moneys received by it and payments of winnings it made.

Scope of the Law

Incorporation of Gaming Taxation: The law includes a dedicated tax regime for gaming operators in Kaduna.

State Gaming Regulatory Authority: The law establishes the Kaduna State Gaming Regulatory Authority to oversee licensing and compliance.

AML Obligations: While AML provisions exist, they lack specificity in enforcing STR reporting and record-keeping obligations compared to Lagos State.

Enforcement and Sanctions: The law grants the authority to revoke licenses and impose penalties for non-compliance.

2.4.5 Edo State Gaming Law, 2020

The Edo State Gaming law licenses and supervises betting and casino activities, it was enacted in 2020⁹. The law grant licenses for the conduct of all forms of Lotteries, Lotto and On-Line Sports Betting (referred to in

⁹Edo State Gaming Law, 2020

this law as 'Gaming' /the 'Game'. The law also grants licenses to every Agent engaged by the Operators of the Game.

The law further regulates every aspect of the Gaming activities including but not limited to the operations of the licensed Operators, Agents, connected persons, the issuance of license and conduct of the Game.

Scope of the Law

Regulation of Betting and Casino Activities: The Edo State Gaming Board supervises and licenses casinos and betting establishments.

AML/CFT Requirements: The law requires compliance with federal AML statutes but lacks detailed guidance on enforcement.

Revenue Allocation and Taxation: The gaming sector contributes to state revenue, though tax structures are less stringent than in Lagos.

Consumer Protection: Includes guidelines on responsible gaming but lacks a robust enforcement mechanism for ensuring compliance.

[2.5 AML/CFT Regulatory Framework](#)

In Nigeria Casinos are categorized as designated Non Financial Business and Professions (DNFBPS) and are regulated by the Special Control Unit Against Money Laundering (SCUML).The following laws and Regulations are used for effective supervision;

1. Money Laundering (Prevention and Prohibition) Act, 2022
2. Terrorism (Prevention and Prohibition) Act, 2022
3. Economic and Financial Crimes Commission (Anti-Money Laundering, Combating the Financing of Terrorism and Countering

Proliferation Financing of Weapons of Mass Destruction for Designated Non-Financial Businesses and Professions, and Other Related Matters)Regulations, 2024

4. Nigerian Financial Intelligence Unit Act, 2018

2.6 Functions of SCUML

SCUML is a department in the Economic and Financial Crimes Commission (EFCC)¹⁰ charged with the following responsibilities:

1. register and certify designated non-financial businesses and professions in accordance with the provisions of MLPPA, 2022 relevant laws and applicable regulations;
2. monitor and supervise designated non-financial businesses and professions in accordance with the provisions of MLPPA, 2022, relevant laws and applicable regulations;
3. take necessary enforcement actions to ensure compliance with this Act, relevant laws and applicable regulations;
4. conduct off-site, on-site, and on the spot checks, inspection of designated non-financial businesses and professions for the purposes of money laundering control and supervision;
5. establish and maintain a comprehensive database of designated non- financial businesses and professions;
6. receive cash-based transaction reports and currency transaction reports from designated non-financial businesses and professions in accordance with the provisions of MLPPA, 2022;

¹⁰ Section 17 Money Laundering (Prevention and Prohibition) Act, 2022

7. sensitize designated non-financial businesses and professions regarding their responsibilities under MLPPA, 2022; and
8. perform other function necessary to fulfil its responsibilities under this Act or any other relevant laws and applicable regulations.

2.7 CTR Reporting by Casinos

Section 6 of Money Laundering Prevention and Prohibition Act, 2022 (MLPPA, 2022), requires DNFBPs which includes Casinos to register with SCUML, while Section 11 MLPPA, 2022 requires DNFBPs to render threshold currency transaction reports (CTR) to SCUML.

2.8 Currency Transaction Reports and Nil Report Filings

SCUML data revealed that a total of 3,089 CTRs have been filed as well as nil reports of 159, while 3 PEP reports were submitted. See table 2 for details:

Table 1: No of CTRs Filed by Casinos between 2022 – 2024

YEAR	NUMBER OF CTRS	NUMBER OF DNFBPS	NIL REPORTS	PEP REPORTS
2022	2670	151	17	0
2023	4136	211	389	0
2024	3089	176	159	3

Source: SCUML

2.9 STR Filings on Casinos Submitted by Banks Between 2022 - 2024

Data received from NFIU revealed that a total of one hundred and four (104) suspicious transaction reports have been filed by banks involving the casino sector, using keyword searches

Table 2: No of STRs Reported by Banks involving the Casino Sector between 2022 – 2024

YEAR STR FILED	Online/Offline Casino Gaming Permit Holders	Brick and Mortar
2022	6	-
2023	82	1
2024	12	3
TOTAL	100	4

Source: NFIU

2.10 On-Site Examination

During the period under review (2022-2024), a total of 40 on-site examinations were carried out by SCUML.

2.11 Administrative Sanctions

Following the enactment of the Money Laundering (Prevention and Prohibition) Act, 2022 and the Economic and Financial Crimes

Commission (Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction for Designated Non-Financial Businesses and Professions, and Other Related Matters) Regulations, 2022 revised in 2024 that empowered the Special Control Unit Against Money Laundering (SCUML) to issue administrative sanctions to DNFBPs with varying degrees of infraction.

Table 3: Records of Administrative Sanctions on Casinos

SCUML has issued various types of sanctions to casino operators as shown in table 3

TYPES OF SANCTION	2022	2023	2024
WARNING LETTERS	5	12	31
MONETARY FINES	-	25	34
VALUE OF MONETARY FINES	-	N28,300,000	N41,000,000
NON-COMPLIANCE STICKERS	-	2	-

2.12 Gaming Categories Regulated by the Lagos State Lotteries and Gaming Authority (LSLGA)

The Lagos State Lotteries and Gaming Authority regulates and issues licenses to a broad range of gaming activities operating in Lagos state, the gaming activities are as follows:

Lotto (Public Online Lottery - POL)

Lotto is a number-based game where players select numbers in anticipation of a scheduled draw. The most common format in Lagos State is the 5/90 game, where five numbers are randomly drawn from a pool of 90. Lotto is conducted through retail agents and online platforms, ensuring fair play through licensed operators and regulatory oversight. Applicant who intend to conduct lottery in Lagos, Nigeria must obtain a public online lottery licence from the gaming regulator.

Sports Betting (Online Sports Betting - OSB)

Sports betting involves placing wagers on real sporting events such as football, basketball, tennis, and more. Betting options include pre-match bets, live (in-play) betting, accumulator bets, and outright winner predictions. Lagos State also regulates virtual sports betting, dog racing, and horse racing simulations. Sports betting operators must comply with strict anti-fraud measures, responsible gaming policies, and fair odds distribution.

Scratch & Win (Scratch Cards)

Scratch card games are instant-win lotteries where players purchase physical or digital cards and scratch off a protective covering to reveal potential prizes. These games are predetermined and purely chance

based. Regulation ensures that prize distributions are transparent and that consumers are protected from fraudulent schemes.

Gaming Arcade

The gaming arcade category otherwise known as gaming/slot machine category refers to the use of electronic gaming machines (EGMs) that rely on chance-based outcomes. Games under these categories includes traditional or classic reel-based and video slots, video poker, Electronic Table Games, Speciality Games such as Keno, Bingo and so on. In Lagos, Nigeria jurisdiction, this category is sub divided into 2 types: The single location Gaming Arcade licence and the Multi-location Gaming Arcade licence.

It is also important to note that an operator with a casino licence is covered to deploy and conduct EGMs business in their casino outlet without the need to obtain the Gaming Arcade licence. However, a prospective applicant can also choose to obtain a Gaming Arcade licence to operate only EGMs as the main business.

Promotional Competitions

Promotional competitions are marketing-driven campaigns that offer participants the chance to win prizes. These include SMS-based competitions, lucky draws, and instant-win promotions. While they are not classified as gambling, they are regulated to prevent fraudulent activities and protect consumer rights.

Pools Betting

Pools betting is a system where players predict the outcomes of multiple sporting events, with winnings shared among those with correct predictions. The most common format is football pools, where

participants forecast match results. This category is closely regulated to ensure fair payout structures and prevent fraudulent activities.

Fantasy Gaming

Fantasy gaming involves players creating virtual teams of real-world athletes, earning points based on their actual game performances. Since it is skill-based rather than purely chance-driven, it falls under regulatory oversight to maintain fair play and integrity.

eSports Betting

eSports betting allows wagers on professional video gaming tournaments across titles such as FIFA, Call of Duty, and Dota 2. The industry is rapidly expanding and is subject to regulation to ensure responsible betting practices and prevent match-fixing.

Gamification

Gamification refers to the integration of game-like elements into non-gaming environments to enhance user engagement. This can include:

Loyalty Programs: Reward systems that encourage customer retention.

In-Game Challenges & Rewards: Bonus features in online gaming applications.

Interactive Promotions: Games embedded in marketing campaigns to incentivize participation.

While not traditional gambling, gamification falls under regulatory oversight when linked to real-money transactions to ensure consumer protection and responsible gaming practices. All the above listed categories have their separate license fees and requirements and

applicants are required to obtain the corresponding license to operate the games in Lagos, Nigeria.¹¹

Casino (Land Based)

Casino gaming includes various games of chance and skill that are operated in physical casino room/outlet. Lagos State recognizes different categories of casinos:

1. **Hotel Casinos (Category A):** Operated within hotel premises, catering to tourists and high-net-worth individuals.
2. **Stand-Alone Casinos (Category B):** Independent establishments solely dedicated to casino gaming.

Casino offerings include:

Slot Machines: Electronic games with randomized outcomes. There are 9 slot machines in Lagos.

Table Games: Traditional casino games such as blackjack, roulette, poker, and baccarat.

Live Dealer Games: Online table games streamed in real-time with human dealers.

Online Casino

This category of license can either be obtained as the main license or as an add-on by sports betting operators. Many online sports betting operators offer casino games as an additional product, including virtual

¹¹ Lagos State Lotteries and Gaming Authority (LSLGA)

slot machines, table games, and live dealer games. Online Casino offerings include Lucky 5&7, Keno, Online Games, Crash Games, Online Baccarat, Online Roulette, Spin the Wheel, Online Poker, etc.

Casinos in Lagos State are regulated to ensure strict compliance with anti-money laundering laws, responsible gaming practices, and operational transparency.

Types of Casinos

Data received from the Lagos State Lotteries and Gaming Authority¹² revealed that there is a total of 74 (seventy-four) licensed casinos currently operating within Lagos State. These casinos operate under various licensing categories, including online casinos, standalone casinos, casinos located within hotel premises, and hotel-based gaming facilities (such as slot machines).

Please refer to the table below for a detailed breakdown.

Table 4: Types of Casinos in Lagos State

S/N	TYPES OF CASINOS	NUMBER OF CASINOS
1.	ONLINE CASINO	48
2.	LAND BASED CASINO	
	a. casinos in Hotel Premises	6
	b. Stand-alone casinos	11
	TOTAL	65

¹²Lagos State Lotteries and Gaming Authority (LSLGA)

Spread of Land Based Casinos in Nigeria

There are 27 Land based casinos are spread across different parts in Nigeria, there is however high concentration of casinos in the South West region of Nigeria.

Table 5: Location of Land based Casinos in Nigeria

LOCATION/REGION	NO. OF CASINOS
NORTH CENTRAL	5
SOUTH-EAST	1
SOUTH-WEST	19
SOUTH-SOUTH	2
TOTAL	27

Note: In general, there are 27 land-based casinos in Nigeria and 48 online casinos.

2.13 Federation of State Gaming Regulators of Nigeria (FSGRN)

The Federation of State Gaming Regulators of Nigeria comprises of 24 member states across the country. It is an association serves as a forum where gaming, lottery, betting and casino regulatory issues are discussed. It fosters synergy and partnership among member States.

The association is registered with the corporate Affairs Commission, it is serving as a self regulatory organization but serves as an umbrella body for all state gaming associations. The Lagos State lottery and Gaming Authority is the chairperson of the association¹³, on 28th November 2024, the Association met to discuss the Supreme Court ruling that nullified the National Lottery Act, reaffirming that gaming regulation falls under State Jurisdiction as a residual matter under the constitution. The states are now empowered to develop frameworks tailored to their unique cultural and economic landscapes. This is a triumph for constitutional clarity."

The concerned states are as follows: Lagos, Ekiti, Abia, Akwa Ibom, Anambra, Bayelsa, Benue, Cross River, Delta, Ebonyi, Edo, Enugu, Imo, Kogi, Nassarawa, Ogun, Ondo, Osun, Oyo, Plateau, Rivers, Kaduna, Adama wa and Taraba States.

¹³ Lagos State Lotteries and Gaming Authority (LSLGA)

Chapter 3: NFIU 2022 - 2024 Casino Threat Analysis

This threat analysis was conducted to evaluate the Money laundering /Terrorist Financing risks within Nigeria's casino industry. The assessment relied on data obtained from SCUML, Lagos State lotteries and Gaming Authorities and open source. The focus encompassed both land-based (brick-and-mortar) and online casinos across the country.

STR Analysis

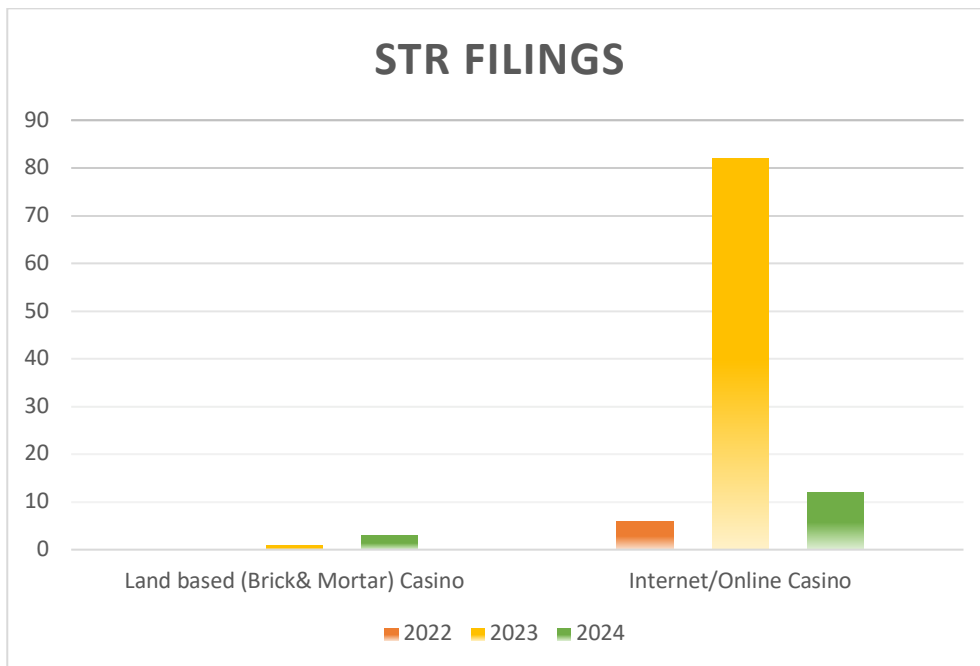
Nigeria has two distinct types of casinos: brick and mortar and internet/online Casino Gaming Permit Holders. A total of **104** Suspicious Transaction Reports (STRs) were filed during the period under review 2022 to 2024 on Casino's¹⁴.

Find below the total breakdown of STRs filed for the two types of casinos.

Table 6 STRs filed from 2022 - 2024 on Casinos

TYPES OF CASINO	STR FILINGS			Total
	2022	2023	2024	
Land based (Brick& Mortar) Casino	-	1	3	4
Internet/Online Casino	6	82	12	100
Total	6	83	15	104

¹⁴ Nigerian Financial Intelligence Unit



Graph 1 STRs filed from 2022 -2024 on Casinos

Based on the table and chart above, a total of **104** STRs were filed on casinos by banks, **six** (6) STRS in 2022, **eighty-three** STRs (83) in 2023, and **fifteen** STRs (15) in 2024. This demonstrates an increase in reporting from 2022 to 2024.

3.1 Analysis Methodology

1. Data Collection

Suspicious Transaction Reports (STRs) filed against casinos by deposit money banks with the NFIU were examined. Currency Transaction Reports (CTRs) submitted to the Special Control Unit Against Money Laundering (SCUML) by casino operators were cross-checked with the NFIU database to validate consistency in STR filings by reporting entities.

A focus group analysis was utilized to analyze the STRs and CTRs by two groups: individual and company. The analysis focused exclusively on casinos (both land-based and online), thereby excluding pool betting and sports betting companies unless they were also categorized as casinos. A comparative assessment between brick-and-mortar and online casinos was conducted to determine which group is the preferred type of casino for use by the two groups: individual versus company.

A total of 104 STRs related to brick-and-mortar and online/offline casino gaming permit holders were analyzed.

2. Sampling Approach

A stratified sampling method was used to ensure a representative selection of casinos covered in the CTRs. This method grouped casinos based on transaction frequency to maintain proportional representation across various segments of the casino industry. The goal was to avoid bias by ensuring that each key segment of the industry, whether online or land-based, was adequately represented. This approach also included the selection of a random sample from each group, preserving the integrity of the dataset's structure.

3.2 Analysis of Money Laundering /Terrorist Financing Threats Specific to Casinos

Terrorist Financing Risk

Based on the analysis of 104 STRs from 2022 to 2024, none were found to be related to terrorism financing. This conclusion is primarily due to the geographical locations where the transactions occurred, which do not align with patterns typically associated with terrorism financing activities.

Money Laundering Risk

Based on the analysis of 104 STRs from 2022 to 2024, all 104 STRS are suspected for being related to money laundering. This conclusion is primarily due to the pattern of structuring and layering observed in the STRs reported.

Geographical Risk

Lagos State is the hub for casinos operating in the South West of Nigeria, there are 17 brick-and-mortar casinos operating in lagos State. Some casinos that have their headquarters in Lagos State also have branches outside the state. The remaining casinos are distributed across these regions: 1 in Ibadan, 1 in Ogun state ,5 in North-Central (Abuja), 2 in South-South (Bayelsa and Port Harcourt), and 1 in South-East (Owerri, Imo). Brick and mortar casinos only accounted for the filing of only **4** STRs from 2022-2024. The remaining **100** STRs were filed against Online/Offline Casino Gaming Permit Holders.

Despite the high concentration of brick-and-mortar casinos in Lagos State, however it does not present any significant vulnerability for Money Laundering (ML) and Terrorist Financing (TF) as casinos in Lagos State are subjected to rigorous regulatory oversight, ensuring strict adherence to AML/CFT laws, responsible gaming practices, and operational transparency.

Although the majority of online casino transactions occur within Nigeria, one transaction was reported from a foreign jurisdiction. A Suspicious Transaction Report (STR) flagged as an unusual foreign inflow of **\$79,990.00**, received in November 2024, from the international S.R.O.

associated with the casino. This S.R.O., registered in Prague, Czech Republic, primarily engages in wholesale trade (excluding motor vehicles and motorcycles), agency sales, retail trade, and office administrative support activities. The company does not specialize in casino operations or offer any casino-related services, making the transaction suspicious.

The online casino had only recently opened its account in September 2024, and the inflow lacked supporting documentary evidence. Additionally, the identity of the director of the casino entity in Nigeria remains concealed, further raising concerns. With all these factors taken into account, the transaction is viewed as high-risk due to its high likelihood of facilitating cross-border money laundering activities.

Client Risk

The analysis of **104** STRs by the NFIU revealed that the primary client base for casino activities consists mostly of individuals and companies. No STRs were filed for Politically Exposed Persons (PEPs) or foreign corporate entities, but there were reports involving foreign national. According to CNN, Lagos was named the world's hottest winter party destination in 2024 (<https://edition.cnn.com/travel/detty-december-nigeria-lagos-ghana/index.html>)The influx of people may likely have included foreign Nationals that were involved in casino activities, though this was not established.

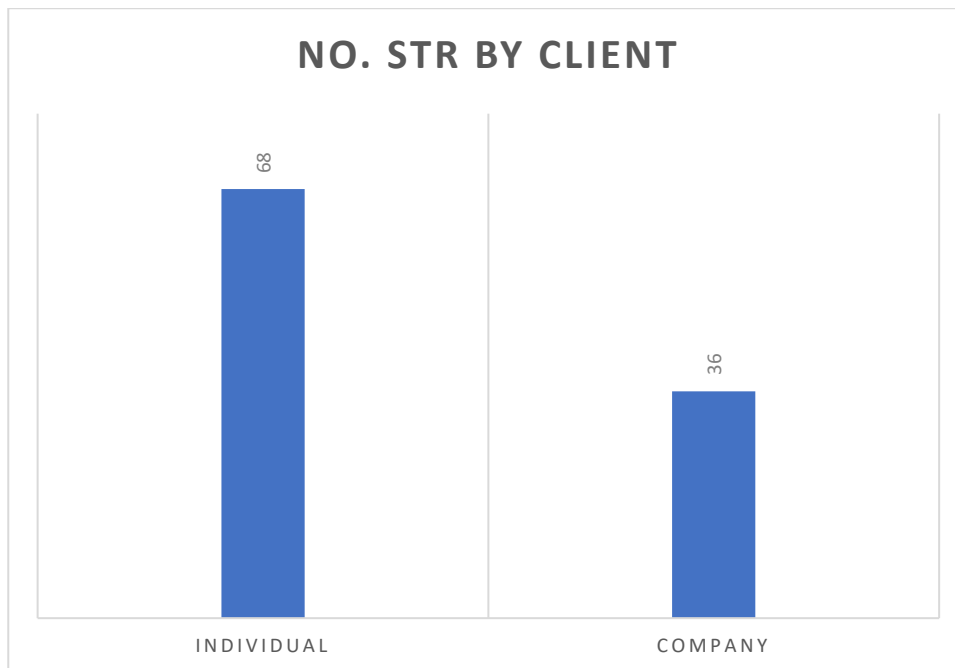
The involvement of foreign clients in brick-and-mortar (land-based) casinos is expected and presents a potential risk for money laundering, particularly given the city's population as a destination. Interestingly, the STR data indicates that individuals and companies present a

comparable risk in terms of money laundering activities across both brick-and-mortar and online casinos. Therefore, it is crucial to ensure that both groups are closely monitored for potential illicit activities.

Table 7: Distribution of STRs of Casino by Client type

CLIENT TYPE	NO. STR BY CLIENT
Individual	68
Company	36
TOTAL	104

Graph 1: Distribution of STRs by Client



Based on the data presented in Table 2 and Graph 2, of the 104 STRs filed by banks concerning casinos, **64%** were related to individuals, and **36%** to companies. This indicates that both individuals and companies are

significant participants in the casino sector. The involvement of companies, however, raises concerns, as they may be shell companies and are less likely to have legitimate business dealings in the casino industry. This suggests a higher potential for illicit activities, such as money laundering, within the company transactions.

Product Type Risk

Brick and Mortar Casinos also known as land-based casinos have the following offerings:

Category A (Hotel Casino)

Category B (Hotel Premise Casino)

Category C (Stand-Alone Casino)

These casinos offerings include:

Slot Machines: Electronic games with randomized outcomes.

Table Games: Traditional casino games such as blackjack, roulette, poker, and baccarat.

Live Dealer Games: Online table games streamed in real-time with human dealers.

In contrast, online casino's offer similar games:

Virtual slot machines,

Table games, and

Live dealer games;

Lucky 5&7,

Keno,

Online Games,

Online Baccarat,

Online Roulette,
Spin the Wheel,
Online Poker, etc.

Despite the reporting of **104** STRs between 2022 and 2024, the data for online casinos does not specify which types of products (e.g., virtual slots, table games etc.) accounted for being suspicious. However, there is an emerging trend where online casinos appears to be preferred more than brick-and-mortar casinos, suggesting that individuals may prefer online casinos for the relative ease of play and access provided by online platforms, underscoring the need for enhanced monitoring in the online casino sector.

Transaction/Payment Channel Risk

The STR analysis by the NFIU of **104** STRS revealed that casino activities by both individuals and companies primarily receive payments through formal bank channels, such as bank transfers and fintech services (e.g., Opay, Paystack) or payments made via bank transfers. This suggests strong compliance with financial regulations and reduced risk of money laundering (ML) and terrorist financing (TF). Notably, no STRs highlighted cash deposits or transactions involving informal payment methods by either individuals or companies.

However, the absence of cash deposits or informal transactions does not preclude ML risks though there was no confirmed case of use of cash as many brick-and-mortar casino operators have embraced the cash less policy, especially with the use of cash or Point of Sale (POS) transactions for purchasing chips in land-based casinos. The ease with which cash

can be exchanged for chips creates an inherent vulnerability, necessitating stricter controls and monitoring for land-based casinos.

3.3 Money Laundering Risks Associated with Casino

The analysis of Suspicious Transaction Reports (STRs) and Currency Transaction Report (CTRs) related to casinos submitted by reporting entities from 2022 to 2024 revealed suspicious money laundering activities associated with casinos. The indicators and red flags identified in the STRs and CTRs submitted to the NFIU suggest that money laundering is the main criminal activity within this sector. These reports clearly illustrate the use of online casinos and brick-and-mortar casinos to facilitate money laundering.

3.4 Case Studies or Examples of ML/TF Activities Involving Casinos

Case Study 1: CASINO (LAND BASED) MONEY LAUNDERING – INDIVIDUAL

DETAILS:

A Financial Institution reviewed the account of land based Casino G and observed unusual huge inflow. The customer received huge inflow of **₦45,594,425.75** from Foreign Trader A on 28th February 2024, via NIP, and **₦20,000,000** in 2 tranches totaling **₦40,000,000** were moved into Fixed deposit. Further review of the account shows the highest inflow into the account was **₦12,000,000.00** and the customer had done a cumulative credit of **₦104,346,290.06** within a period of 6 months August 2023 to March, 2024. However, this shows that the recent transactions on the account deviate from usual transaction pattern.

INDICATORS/RED FLAGS:

1. Structuring
2. Unusual large inflow
3. Rapid movement of funds
4. Multiple large transactions
5. Transaction Pattern deviation

6. Suspicious source of funds
<u>LOCATION:</u> 7. Nigeria

Case Study 2: CASINO (ONLINE) MONEY LAUNDERING– INDIVIDUAL

DETAILS:

Customer MJ is an “Artisan trader’ ’as disclosed during onboarding commenced relationship with Bank S by opening a Naira savings account 00XXXXXXXX on November 12, 2021. Customer MJ BVN is linked to a current account and four Domiciliary accounts. The savings account has been inactive for a period of one year. Between April 12 to 28 April 2023 the account witnessed Credit turnover to the tune of **N56,116,643** from Casino NX LTD with immediate outflows to various individuals. On April 28, 2023 the account received inflow of **N350,000** from Casino B with immediate outflow to Mrs. MM. The multiples inflows and outflows, which is a deviation of the normal account pattern necessitated the need to file a STR.

INDICATORS/RED FLAGS

- 8. Structuring
- 9. Inactivity followed by unusual high credit turnover
- 10. Immediate outflows to various individuals
- 11. Large transactions unrelated to Artisan trading.
- 12. Use of multiple accounts
- 13. unrelated sources for inflows

LOCATION

- 14. Nigeria

Case Study 3: CASINO (ONLINE) MONEY LAUNDERING– INDIVIDUAL

The account holder T, is a traditionalist who is a regular customer of Casino B. The large inflow is from Casino B, however the customer T has received lot of unusual and structured inflows from same source, he received four tranches of **N999,000.00** on 24th December,2021 and four tranches of **N998,000.00** on 27th December, 2021. These are unusual

and suspicious. The customer has done a credit turnover of **N134,795,005.50** in the last two years.

INDICATORS/RED FLAGS

- 15. Structured transactions
- 16. Large transactions unrelated to being a Traditionalist.
- 17. No clear justification for transfers
- 18. Inconsistent with normal business
- 19. Unusual transaction pattern

LOCATION

- 20. Nigeria

Case Study 4: CASINO (ONLINE) MONEY LAUNDERING - COMPANY

On July 31, 2023, we observed multiple transfers from the account of our merchant, casino m, to an account with name: company de limited; account number: 5xxxxxxx3 at bank p. the transfers were initiated in three hundred (300) tranches of **N8,770,000** totalling **N2,631,000,000** to a single beneficiary. We considered the transaction suspicious due to the frequency and the amount involved. In addition, our merchant is casino M whilst the beneficiary is an oil and gas company.

INDICATORS/RED FLAGS

- 21. Structured payments
- 22. Large Transaction amount
- 23. Frequent Transactions
- 24. Unclear business justification
- 25. Suspicious sources of funds
- 26. Unexplained relationship with Oil and Gas company

LOCATION

- 27. Nigeria

Case Study 5: CASINO (ONLINE) MONEY LAUNDERING - COMPANY

Casino K with BVN 2XXXXXXXXXX2 opened an account XXXXXXXXXXXX with Bank F in 2014. The customer is into the business of football equipment, betting equipment and accessories, and betting.

On 5th January 2024, account received **N104million** inflow from same entity's account in another bank. The inflow came through NIBSS. This inflow necessitated our investigation and the following were discovered:

1. The customer is not a PEP.

2. Review of the customer's transactions in the past six months showed a total credit and debit turnover of **N104.413billion** and **N104.177billion** respectively.

3. On 5th January 2024, the account received **N104million** inflow from their account in another bank. The account received additional inflow of **N650million** in 7 tranches of **104million** each and **N50million** bringing the total amount received from their account in another bank on same day to **N750million**. Inflows from S SETTLEMENT on the same day, were transferred to customer's account in Bank T on 8th January 2024.

4. Also, the account received multiple structured inflows from Fintech A and Fintech B, and the inflows are accumulated and transferred to same customer's account(s) in other banks.

5. Huge inflows into this account came from customer's related account(s) in other bank(s), and their outflows also go to their account in other banks.

6. Enhanced due diligence enquiry, revealed 'The customer is into the business of football equipment, betting equipment and accessories, and betting.

INDICATORS/RED FLAGS

28. Structured inflows
29. High frequency of transactions
30. Unjustified business activity
31. Unclear source of funds
32. Use of multiple accounts
33. Unexplained inflows

LOCATION

34. Nigeria

Case Study 6: CASINO (ONLINE) MONEY LAUNDERING– INDIVIDUAL

ON OCTOBER 23, 2023, WE OBSERVED MULTIPLE TRANSFERS FROM THE ACCOUNT OF OUR MERCHANT, CASINO BK, TO AN ACCOUNT WITH NAME: CUSTOMER IJR; ACCOUNT NUMBER: 01XXXXXXXX AT BANK G. THE TRANSFERS WERE INITIATED IN TEN (10) TRANCHES OF **N9,900,000** (9); AND **N2,000,000** TOTALLING **N104,104,000** TO A SINGLE BENEFICIARY. WE CONSIDERED THE TRANSACTION SUSPICIOUS DUE TO THE FREQUENCY AND THE AMOUNT INVOLVED. IN ADDITION, THE LARGEST SUM INITIATED BY OUR MERCHANT TO BANK G CUSTOMER WAS A TRANSFER OF **N4,000,000** ON SEPTEMBER 23, 2023.

INDICATORS/RED FLAGS

- 35. Structuring
- 36. Large transactions unrelated to Artisan trading.
- 37. No clear justification for transfers
- 38. Inconsistent with normal business
- 39. Unusual transaction pattern

LOCATION

- 40. Nigeria

Ownership Structure

1. Types of Legal Person and Arrangement

As a requirement of the National Lottery Regulatory Commission and the State Regulators, entities seeking casino operations must be incorporated (not registered as a business name) with the Corporate Affairs Commission. Analysis of the responses from the casino affirmed this provision with 60% of the respondents incorporated as Private Limited Liability Company. 40% of the respondent claimed they are registered as Public Limited Liability Company. However, this response may be taken as an error as no casino operator is listed on the Nigerian Stock Exchange except the Tourist Company of Nigeria PLC, which operates the Federal Palace Hotel and Casino in V.I, Lagos¹⁵

The National Risk Assessment of Legal Persons and Arrangements, 2022, affirms the high vulnerability of Private Companies Limited by Shares to ML/TF . The reports affirms that Limited liability companies have been used to evade tax, engage in fraudulent trading and manipulation, act as vehicles to launder money and also finance terrorism activities. ¹⁶ **This prevalent legal type predisposes the casino sector ownership to high ML/TF vulnerabilities.** However, the vulnerabilities are slightly moderated by the fact that none of the respondent reported having a foreign

¹⁵<https://www.federalpalace.com>

¹⁶The National Risk Assessment of Legal Persons and Arrangements, 2022

director or beneficial owner particularly from ant high ML/TF risk jurisdiction.

2. Size

Using Average Annual Income as a proxy for size, 80% of the respondents have annual income less than N100 million (\$64,157.26) while 40% of those have average annual of less than N50 million (\$32,078.63). This attest to the relative low casino patronage in most part of Nigeria as oppose to the massive and increasingly growing lottery and sport betting subsector of the gaming industry in Nigeria. The relatively small numbers of staff employed across the respondents, also attested to the size of the industry. **Consequently the ML/TF vulnerabilities arising from size of the sector is rated Low**

3. Client

Responses from the questionnaire revealed that most casino customers are casual customers (60%) and Walk-in customers (40%). Only 20% of the respondents have regular customers. The challenges that comes along with non regular customer include difficulty in conducting proper due diligence. However, the SCUML regulations for casino mandate all operators to maintain a "no ID, no entry policy". The responses also showed that client base is also small. None of the respondents reported average number of client above 500 persons. 60% of the respondents have between 100 and 500 clients in a year, while 40% have less than 100 clients. None of the respondent reported having a foreigner client. However, this is somewhat different from analysis of the CTRs reviewed in previous past, which showed considerable exposure of the sector to foreign clients. In similar vein, none of the respondents reported PEP

customer and non-resident Nigeria customer. However, 40% of the respondents claimed they have high net worth customers.

The responses from the questionnaires revealed that casinos are rarely exploited for ML/TF by their customers. None of the respondents reported ever encountering customers requesting services in unusual or unconventional circumstances. 80% of the respondents claimed they have never encounter such transactions, while 20% affirmed that such transactions rarely happen. Similarly all the respondents affirmed that they have never encounter clients who have funds that are obviously and inexplicably disproportionate to their circumstances (e.g. their age, income, occupation or wealth).

More than 60% of the respondents reported that they rarely encounter customers who want to pay in foreign currency, while 40% reported that they have never encounter such transaction. Also, none of the respondent reported receiving funds from unknown third parties on behalf of their clients.

From the foregoing, ML/TF vulnerabilities arising from the type, nature and transaction behavior of casino customer is Low

Client Risk Assessment

Key Contributing Factors	Risk Status	Risk Rating
Predominantly casual individual clientele		Medium Risk
Low annual client volume		

Due diligence on clients		
Exposure to PEPs		
ID checks		
Unusual requests		

Client vulnerabilities is rated Medium

4. Service/Transaction Risk

Despite the increasing popularity of online gaming, the land based operators continue to dominate the casino subsector of the gaming industry in Nigeria. All the respondents identified as land based operators. However, both state and federal gaming authorities have licensed several operators who are into online sport betting to operate online and Live Casino portal on their website. Studies have shown that maintaining a gambling account for gaming customers present a heightened ML/TF vulnerabilities for casino operators. However, 80% of the respondents affirmed that they do not provide gambling account services, while none of the respondent provides safe deposit services.

All respondents affirmed that they operate casino board games which are more vulnerable to money laundering (in particular) than the slot machines. However, the vulnerabilities from the board games are mitigated with the limitation on cash acceptance at the board games. 80% of the respondents affirmed that they don't accept cash at the board game, while the 20% that accept cash for the board games, limits it to a maximum of Five Hundred Thousand Naira (About \$324). Similarly

only 20% of the respondent accept foreign currency for gaming. Notably, none of the respondent also offers currency exchange services for gaming purpose. **The vulnerabilities inherent in casino services and products in Nigeria is Low**

Service/Transaction Risk Assessment

Key Contributing Factors	Risk Status	Risk Rating
Mostly land-based operators		Low Risk
Very low account services to clients		
Low cash acceptance		
Limited foreign exchange transactions		
Presence of foreign online operators		

5. Delivery Channel Risk

The questionnaire identified several transaction channels used in the casino industry including cash, prepaid cards, debit/credit cards, electronic fund transfers etc. Expectedly, a good percentage of the respondents accept cash for gaming. 60% of the respondent allows cash transaction. None of the respondents accepts crypto currency for

gaming or has affiliation to any virtual asset platform or intermediaries. 60% of the respondent reported that they accept electronic payment from customers; however, none of the respondents allow electronic cash transfers to third parties on behalf of their customers. This provides some counterbalance to the vulnerabilities of electronic transfer transactions.

The use of prepaid cards is also not common. 80% of the respondent affirmed that they don't accept prepaid cards. **Relatively, the vulnerabilities of ML/TF vulnerabilities in the delivery channel is rated medium due to its exposure to cash transaction.**

Delivery/Channel Risk Assessment

Key Contributing Factors	Risk Status	Risk Rating
Acceptance of cash transactions		Medium Risk
Non-acceptance of cryptocurrency for payments		
No third-party payments accepted		
Limited non-traceable electronic cards (prepaid)		
No affiliations to intermediary/virtual asset platforms		

6. Geographic Risk

All the respondents were incorporated in Nigeria and operating in the south west. Prevalence of commercial activities in the south west predisposes the sector proceeds of corruption and other prevalent crimes, while the vulnerabilities to TF may be low. None of the respondent also affirms any relationship or affiliation to a foreign gaming company.

Geographic Risk Assessment

Key Contributing Factors	Risk Status	Risk Rating
All locally-registered		Low Risk
Most operators concentrated in the South-West Region		
No affiliation to foreign gaming operators		

Controls

Risk Assessment

The outcomes of the National Risk Assessment have been communicated to the sector through workshops and seminars. However, the responses demonstrated some weaknesses in risk assessment framework within the sector. Just 60% of the respondents claimed they conduct risk assessment of new clients, while the rest affirmed that risk assessment for new clients is conducted occasionally.

The entire respondent affirmed that they have a risk management policy that requires you to reject clients you have assessed to be of high risk of

money laundering/terrorism financing, based on any or all of these risk factors: client type, geography, service requested and transactions/channel. All the respondents also affirmed that their policies and procedures manuals require them to assess risks associated with money laundering and terrorism financing.

7. Policies and Procedures

All the respondents affirmed that they have put in place documented AML/CFT policies and procedures, approved by their board. This evidenced the collaboration between the SCUML, licensing authorities and Trade Associations in the industry to enhance compliance culture among operators. A significant portion of the respondents also affirmed that their AML/CFT policies account for the wide range of their AML/CFT obligations including CDD, beneficial ownership, implementation of Targeted Financial Sanction, PEP due diligence, record keeping, suspicious transaction reporting etc., however, more than 80% of the respondent affirmed that their policies and procedures are reviewed as they see fit. This may not align the policies with the outcomes of the prevailing national or sectoral risk assessment of the sector. All the respondents also affirmed that they have communicated the AML/CFT policies to their staff.

In terms of PEP due diligence, 80% of the responses has policies and procedures that requires enhanced due diligence to be applied always where the client is a politically exposed person. While 20% have policies and procedures that apply PEP due diligence on risk basis

8. KYC/CDD

As a result of SCUML's enforcement of the **“No ID, No Entry”** policy in all casinos, all the respondents affirmed that they require all their customers to provide a valid official means of identification before conclusion of transaction. Notably, all the respondents have AML/CFT policies and procedures that require enhanced due diligence to be applied in high-risk transactions and clients.

80% of the respondents also affirmed that they confirm if customers are acting on behalf of another person. Some weaknesses were observed in the conduct of KYC/CDD for third parties. Only 75% of the respondents affirmed that they always request for the identity of third parties, while 25% say they request for third party IDs only when the risk are high.

Responses from the questionnaire show that a good number of the operators have adopted procedures for conducting PEP due diligence. While 60% relies on open sources, 20% have obtained commercial databases to identify PEPs. However, 20% of the respondents rely on self declaration by the customers. However, it is not clear if these self declarations are subjected to further verifications.

The responses from the questionnaire also show that considerable number of operators undertakes enhanced due diligence particularly relating to the source of wealth of their customers. 40% of the respondents affirmed that they request for information on the overall sources of wealth of their customers. 40% reported that they only do so when the transaction is perceived by them to be of high risk of ML/TF.

In terms of criminal background check practices for employees, some weaknesses were observed. Only 60% of the respondents reported that they conduct criminal background checks for their staff. This weakness is very material given the high possibility of staff collusion with criminals or override of AML/CFT controls.

9. AML/CFT Governance

All the respondents affirmed that their board and senior management regularly receive reports on its overall AML/CFT compliance. Similarly, all the respondents affirmed that they have appointed compliance officers at management level. 80% of the respondents also affirmed that they have an independent audit function established to test the AML/CFT measures, policies, controls and procedures. 80% of the respondents also affirmed that such audit was conducted in the previous financial year.

10. AML/CFT Violation

None of the respondent has been sanctioned in the previous year for non compliance.

11. Implementation of Targeted Financial Sanction

Increased sensitization and direct registration of DNFBPs on the Nigerian Sanction Committee has seen increased adoption of measures to implement targeted financial sanction related to TF /PF. 98% of the respondents affirmed that they have subscribed to the Nigerian Sanction Committee Alert system. 80% of the respondents affirmed that they conduct targeted financial sanction screening using the NSC website, while 20% affirmed that they supplement the NSC website with proprietary databases. All the respondents affirmed that that they carry

out an assessment to determine if a non-resident or foreign client is from a jurisdiction that poses a high Money Laundering/ Financing of Terrorism risk.

12. Suspicious Transactions Monitoring

Responses from the questionnaires show that a good number of the operators in the casinos industry have a system in place for monitoring, identification and reporting of suspicious transactions. 80% of the respondents have registered on the NFIU Simplified STR reporting platform. All the respondents also declared that have in place a system for monitoring transactions for potential suspicion and reporting suspicious transactions. The responses also showed that a good number of the respondent have procedure in place for monitoring client transactions for suspicious activity.

60% of the respondents affirmed that they will discontinue transaction and file suspicious transaction report in even that a client is evasive, or not cooperative in providing the requested information such as valid identification documents, source of wealth/source of funds and ultimate beneficial ownership information. Additional 20% of the respondents said they will continue transaction, but file suspicious transaction report, while 20% said though they will discontinue the transaction, but they don't usually file suspicious transaction report.

SCUML in collaboration with the NFIU have intensified outreaches to the sector and have carried several joint thematic examinations on STR compliance by operators in the sector.

In similar vein, responses as to whether operators request for additional information if the transaction volume of a regular client increases

significantly show significant strength of ongoing transaction monitoring practices. 60% of the respondents affirmed that they always request for additional information in this circumstance. Additional 20% affirmed that they do so most of the times, while 20% of the respondents said they do it sometimes (possibly on suspicion of ML/TF or in similarly high risk situations)

13. Record Keeping and Preservation

The responses from the questionnaire also showed that operators have strong record keeping and preservation practices. All the respondents affirmed that they preserve all their records including all CDD and business correspondence for at least 5 years after the end of a client relationship.

14. AML/CFT Training

The responses from the questionnaire also show that most operators in the sector regularly conduct AML/CFT trainings for their staff. 60% of the respondents affirmed that they conducted AML/CFT trainings as regularly as quarterly to semi-annually in the previous year. 40% affirmed that they conduct AML/CFT trainings on quarterly basis, while 40%

In most of the responding operators, new employees are required to undergo AML/CFT training. 20% of the respondents require new employees to undergo AML/CFT within one month. However, only 20% of the respondents differentiated the AML/CFT training according to functions. This could seriously impact on critical compliance issues like suspicious transaction identification and reporting.

Risk Mitigation and Controls Risk Assessment

Key Contributing Factors	Risk Status	Risk Rating
Weak client risk assessment		Medium-High Risk
Protocols for high-risk/complex transactions		
Transaction monitoring and compliance		
ML/TF policies		
Review of ML/TF protocol and policies		
Training and other resources		

Overall Risk Assessment

Key Contributing Factors	Risk Level	Aggregate Risk Rating
Client Risk	Medium	Medium Risk
Service/Transaction Risk	Low	
Delivery/Channel	Medium	
Geographic Risk	Low	
Risk Mitigation	Medium-High	

Chapter 5: Conclusion/Recommendation

This risk assessment reveals significant money laundering vulnerabilities within Nigeria's casino sector, particularly in online platforms. Despite robust regulation in certain jurisdictions like Lagos, the sector still faces medium overall risk due to gaps in compliance, customer due diligence, and risk mitigation practices.

The absence of a centralized federal regulatory framework post-Supreme Court ruling has also led to fragmentation in legal enforcement across states. While land-based casinos show lower risk profiles, online casinos—due to their anonymity, transaction complexity, and wide reach—pose greater threats to AML/CFT frameworks.

STR data and case studies reveal that individuals and companies exploit casinos for structuring transactions, layering funds, and potentially cross-border laundering. There is a growing need to bolster supervision, reporting mechanisms, and enforcement standards.

Recommendations

- **Develop Uniform Regulatory Frameworks Across States:** Encourage harmonization of AML/CFT rules among states to ensure consistency and minimize regulatory arbitrage.
- **Enhance Supervision of Online Casinos:** Strengthen monitoring mechanisms for internet casinos through data analytics, KYC enforcement, and technological surveillance.

- Expand SCUML Inspections and Enforcement: Increase the frequency of SCUML's on-site examinations and ensure follow-up actions for non-compliance.
- Mandate Risk-Based Customer Due Diligence: Compel operators to enhance onboarding due diligence, particularly for high-value clients and foreign participants.
- Leverage Technology for Transaction Monitoring: Promote adoption of AML software for real-time flagging of suspicious behaviors.
- Strengthen Training and Capacity Building: Encourage regular, role-specific AML/CFT training for casino staff to improve detection and reporting of STRs to the NFIU.
- Enhance monitoring of cross border transactions regarding casinos.
- Developing MOUs with state authorities in order to design effective AML/ CFT policies for supervision and implementation based on risk framework.
- Recommend administrative sanctions in collaboration with regulatory bodies on failure to file STRs to the NFIU.
- Increase onsite examination in collaboration with state regulatory bodies
- Entry controls measure like fit and proper checks, knowledgeable AML/ CFT should be put in place

