



News Flash

CBN Launches Compliance Department to Oversee Financial Crimes and ESG Supervision

The Central Bank of Nigeria (CBN), via a circular issued on September 4, 2025, has formally launched its Compliance Department (the “Department”).

Originally established in the first quarter of 2025 and operational from the second quarter, the Department’s formal unveiling consolidates the CBN’s resolve to position compliance as a core pillar of financial sector supervision. Under this reform, oversight of non-prudential risk¹

areas has been reassigned to the Department, expanding regulatory attention to financial crime prevention, market conduct, enterprise security, and corporate governance, with a particular emphasis on ESG considerations.

¹ Relative to the CBN, non-prudential and emerging risks refer to supervisory concerns that go beyond traditional prudential regulation of banks, such as capital adequacy and liquidity. They cover areas like anti-money laundering and counter-terrorist financing (AML/CFT), consumer protection, market conduct, corporate governance, financial crime compliance, and transparency. Emerging risks include new and evolving threats such as cybersecurity, fintech-related vulnerabilities, climate and ESG risks, and digital assets.

STRATEGIC MANDATE OF THE DEPARTMENT

The Department will oversee
the following critical areas:



- **Financial Crime Supervision**, including Anti Money Laundering (AML), Counter Financing of Terrorism (CFT), Counter Proliferation Financing (CPF), and sanctions compliance.



- **Market Conduct Supervision** covering disclosure practices, complaints management, and advertising standards.



- **Corporate Governance and ESG Supervision**² focusing on board effectiveness and environmental, social, and governance oversight.



- **Enterprise Security Supervision**, including cybersecurity, data protection, and third-party risk management.

DIRECTIVE TO ALL REGULATED FINANCIAL INSTITUTIONS

The CBN has directed all regulated financial institutions to channel future reports, correspondence, and inquiries relating to these areas to the Director of the Department via established communication protocols. Institutions will also receive guidance on designated points of contact and submission procedures directly from the Department.

IMPLICATIONS FOR STAKEHOLDERS

This development signals a targeted regulatory shift by the CBN from traditional prudential supervision to comprehensive compliance oversight. For banks, microfinance institutions, payment service providers, and other regulated entities, this means heightened scrutiny on compliance requirements, governance, fraud prevention, ESG performance, and data security practices. Non-compliance may attract sanctions, reputational risks, or corrective regulatory measures.



STRATEGIC RESPONSE FOR BANKS, PAYMENT SERVICE BANKS AND OTHER FINANCIAL INSTITUTIONS

Banks and other financial institutions must take proactive steps to align with the CBN's enhanced compliance framework by ensuring:

- Establishment of an internal compliance department to mitigate compliance risks, manage reporting and regulatory engagement.
- Appointment of a Chief Compliance Officer to ensure accountability and board-level oversight.
- Development and implementation of a Fraud Management Policy and Anti Money Laundering (AML) Policy tailored to institutional risk exposure.
- Review of corporate governance and ESG structures to ensure alignment with CBN's new supervisory standards.
- Strengthening of data protection and cybersecurity protocols to mitigate enterprise security risks.

About Stren & Blan Partners

Stren & Blan Partners is an innovative and dynamic Law Firm with a compelling blend of experienced lawyers and energetic talents. We are focused on providing solutions to our client's business problems and adding value to their businesses and commercial endeavours. This underpins our ethos as everything we do flows from these underlying principles.

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our client's business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

The Authors



**Ozioma
Agu**

Partner
OziomaAgu
@strenandblan.com



**David
Olajide**

Associate
DavidOlajide
@strenandblan.com



**Onyinyechi
Isikaku**

Associate
OnyinyechiIsikaku
@strenandblan.com



+234 (0)702 558 0053
3 Theophilus Orji Street, Off Fola Osibo Road,
Lekki Phase 1, Lagos, Nigeria

www.strenandblan.com
contact@strenandblan.com
[in](#) [X](#) [@](#) @strenandblan