CBN Commences AML/CFT/CPF Supervision Pilot for Virtual Asset Service Providers

Client Alert
April 2026

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Introduction

On 31 March 2026, the Central Bank of Nigeria (CBN) announced the commencement of an Anti-Money Laundering, Counter-Financing of Terrorism and Counter-Proliferation Financing (AML/CFT/CPF) Supervision Pilot for a select group of Virtual Asset Service Providers (VASPs). Six entities constitute the first cohort. This note examines the scope of the Pilot, the obligations it imposes on participating VASPs, and its place within the broader regulatory framework for virtual assets in Nigeria.

The Statutory Basis for CBN Supervision of VASPs

The Pilot is anchored in the CBN's existing powers under the *Money Laundering (Prevention and Prohibition) Act 2022*, the *Central Bank of Nigeria Act 2007*, and the *Banks and Other Financial Institutions Act 2020* and is aligned with Financial Action Task Force (FATF) Recommendations 15 and 16, with a particular focus on Travel Rule preparedness and proliferation-financing controls. Participation in the Pilot does not confer any regulatory status, licensing right, or authorisation on the entities involved. It is a supervisory information-gathering exercise that operates within, and does not alter, the existing regulatory framework.

Supervisory Obligations Imposed on Participating VASPs

Participating VASPs are required to submit monthly AML/CFT/CPF Key Performance Indicators (KPIs) using a prescribed CBN template, to participate in supervisory engagements with the CBN and, where applicable, the Nigerian Financial Intelligence Unit (NFIU), and to undergo reviews covering governance, customer onboarding, sanctions screening, transaction monitoring, and cross-border activity. They must also demonstrate credible implementation plans for FATF Travel Rule compliance, which requires VASPs to collect and transmit identifying information on parties to virtual asset transfers above a prescribed threshold.

Participating Entities: Composition, Diversity, and the Multi-Phase Structure

The six named entities are cNGN, Flutterwave, Paystack, Juicyway, KoinKoin, and KuCoin. The cohort spans stablecoin issuance, domestic and cross-border payment processing, and centralised exchange activity. Notably, Flutterwave and Paystack already hold CBN payment licences, indicating that the CBN treats existing licensees with virtual asset exposure as requiring dedicated VASP-specific AML/CFT supervision, separate from their general payment licence obligations. The Pilot is structured in multiple phases, all of which are already scheduled and none of which are open to external expressions of interest.

The VARA Framework and the CBN's Role Within It

The Pilot sits within a regulatory framework that has since been formally settled. The *Nigeria Tax Administration Act 2025* required the President to designate regulator(s) for all virtual assets under section 79. That designation was made by a Presidential Directive in August 2025: the President established the Virtual Asset Regulatory Authority (VARA), comprising the CBN and the Nigeria Revenue Service (NRS) as relevant supervisors of non-security virtual assets. The Securities and Exchange Commission (SEC) was not designated as part of VARA; it retains separate oversight of virtual assets that qualify as securities under the *Investments and Securities Act 2025*. In December 2025, VARA issued a White Paper setting out a coordinated supervisory architecture that operates through the existing mandates of relevant agencies, without new primary legislation. The CBN's Pilot is therefore consistent with its role as a relevant VARA supervisor and reflects the practical implementation of that mandate in respect of AML/CFT supervision of non-security VASPs. VASPs such as Flutterwave and Paystack, which hold CBN payment licences and also offer virtual asset services, are subject to supervisory engagement from both VARA (through the CBN) and the SEC, where their activities touch on security virtual assets. The inclusion of cNGN is equally consistent with this framework: a plain fiat-pegged stablecoin falls outside the SEC's securities jurisdiction and sits within VARA's non-security remit, making it precisely the type of entity VARA is designed to supervise. Data submitted under the Pilot is treated as confidential supervisory information, governed by the Nigeria Data Protection Act 2023 and CBN confidentiality standards, and will not create a public record of any VASP's compliance posture.

Conclusion

The Pilot is a measured but deliberate exercise of the CBN's role as a relevant VARA supervisor. It does not create new law or confer any regulatory status on participating entities. Its immediate purpose is to develop structured supervisory insight into the AML/CFT risk profiles, business models, and Travel Rule readiness of key Nigerian market participants. For the VASP market more broadly, the Pilot signals the supervisory standards the CBN will apply in carrying out its VARA mandate, and VASPs operating in Nigeria should assess their AML/CFT frameworks, sanctions screening, and Travel Rule implementation plans against those standards accordingly.

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