

Slingstone^{LP}

CBN VASP Supervision Pilot

A GUIDE FOR VIRTUAL
ASSET SERVICE PROVIDERS

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What the regulation says

Legal Basis and Purpose

The Central Bank of Nigeria (CBN) launched the AML/CFT/CPF Supervision Pilot on March 31, 2026 to supervise how Virtual Asset Service Providers (VASPs) handle anti-money laundering, counter-terrorism financing, and counter-proliferation financing. The CBN issued this pilot under three key laws: the Money Laundering (Prevention and Prohibition) Act 2022, the Central Bank of Nigeria Act 2007, and the Banks and Other Financial Institutions Act 2020. These laws collectively empower the CBN to supervise designated non-financial businesses and professions for AML/CFT compliance.

The pilot serves two main purposes. First, it helps the CBN understand the specific risks and business models of VASPs operating in Nigeria. Second, it ensures these businesses align with international standards set by the Financial Action Task Force, specifically Recommendations 15 and 16, which govern virtual assets and the transfer of digital value. Importantly, the CBN expressly clarifies that this pilot “does not alter, replace or supersede existing regulatory frameworks or the mandates of other competent authorities.” The Securities and Exchange Commission still maintains authority over crypto assets that qualify as securities under the Investments and Securities Act 2025,[5] and the Virtual Asset Regulatory Council continues to coordinate oversight across agencies under the VARA framework.

The CBN is taking a closer look at how VASPs operate on the crypto rails. The pilot focuses on risk, oversight, and compliance with AML/CFT/CPF standards.

What VASPs Must Do

The Compliance Requirements

Participants in the pilot must adhere to a structured supervisory programme with specific monthly and periodic obligations.

Monthly Reporting

Every month, VASPs must submit “AML/CFT/CPF supervisory Key Performance Indicators (KPIs) using prescribed CBN templates.” These reports track how well the business identifies and manages financial crime risks, including suspicious transaction rates, customer verification completion, and sanctions screening results.

Supervisory Meetings

Participants must attend “regular supervisory meetings with the CBN and the Nigerian Financial Intelligence Unit (NFIU), where applicable.” These sessions allow regulators to examine compliance frameworks directly and coordinate on intelligence sharing where necessary.

For VASPs, whether or not they are included in the pilot, this shows how risk will be monitored, managed, and controlled. It also provides clearer guidance on what credible compliance looks like in practice.



What the Supervision Covers

The CBN's supervisory review under the pilot is expected to focus on five core areas: governance, customer onboarding and due diligence, sanctions screening, transaction monitoring, and cross-border operations.

SN	FOCUS	WHAT THE CBN WILL REVIEW
1	Governance	“Governance structures” — including board oversight, risk appetite frameworks, and the independence of compliance functions
2	Customer Onboarding	“Customer onboarding processes and Customer Due Diligence (C”) procedures” — covering identity verification, risk profiling, and enhanced due diligence for high-risk clients
3	Sanctions Screening	“Sanctions screening systems” — requiring real-time and batch screening against UN, OFAC, EU, UK, and domestic sanctions lists, with automated blocking capabilities for confirmed matches
4	Transaction Monitoring	“Transaction monitoring mechanisms” — including automated detection systems, investigation protocols, and suspicious activity reporting procedures
5	Cross-Border Activity	“Cross-border operations” — covering international transfer controls, relationships with foreign VASPs, and foreign exchange compliance



What VASPs Need to Know

The Travel Rule: Sharing Transaction Information

The pilot also requires compliance with FATF Recommendation 16, commonly referred to as the Travel Rule. In practical terms, participating VASPs must be able to collect, retain, and transmit relevant originator and beneficiary information for qualifying virtual asset transfers. They must also demonstrate to the CBN that they have credible implementation plans, including secure information-sharing arrangements and appropriate record-keeping systems.

Important Limitations: What Participation Means

Participation in the pilot does not amount to licensing, approval, or authorisation to operate as a VASP. The pilot is supervisory in nature only and does not confer any legal right or regulatory status on participating entities.

Data Protection and Confidentiality

Information submitted during the pilot is treated as confidential supervisory information. Its handling is subject to the Nigeria Data Protection Act 2023, section 57 of BOFIA 2020, and applicable CBN confidentiality requirements. Participating VASPs must therefore ensure that all data submitted under the pilot is processed, stored, and transmitted through secure systems that comply with applicable data protection and confidentiality standards.

Working Within the Broader Regulatory Framework

The pilot does not displace the wider regulatory framework applicable to virtual asset activities in Nigeria. Depending on the nature of their operations, VASPs may still need to maintain compliance readiness with both the CBN for AML/CFT/CPF supervision and the SEC where securities regulation is implicated.

Preparing Your Business

Although the current phase of the pilot is closed to new entrants, VASPs should use this period to assess the adequacy of their AML/CFT/CPF frameworks, governance arrangements, sanctions screening systems, transaction monitoring processes, and Travel Rule readiness. The pilot signals the CBN's move toward more effective oversight of the virtual asset sector, and early preparation will better position operators for future regulatory engagement.



What this means for Crypto Rails

This is yet another development showing the CBN's recognition of crypto rails as infrastructure for the transfer and exchange of digital value, particularly in use cases not structured primarily as securities. It does not, by itself, expand licensing or displace existing mandates. Rather, it brings VASP activity more squarely within the AML/CFT/CPF and financial-integrity perimeter, while leaving intact the wider SEC framework, which already treats virtual and digital assets as securities and defines VASP activity broadly to include fiat exchange, crypto-to-crypto exchange, transfer, custody, and related financial services. The signal, therefore, is less one of liberalising VASPs as a medium of exchange than of expanding the CBN's functional oversight. In context, the regulatory focus is no longer limited to whether an asset is a security, but increasingly extends to the use of the underlying rail to move digital value, the financial-system risks that may arise from that use, and the need to better understand and supervise the risks inherent in the business models.

CBN's focus is widening from the asset to the rail. The real question is now how digital value moves and where the risks lie.

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