COUNTER-TERRORISM FINANCING

Counter-Terrorism Financing and National Security in Nigeria: Assessing the Role of Financial Intelligence

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Abstract

Terrorism financing has emerged as a major national security challenge in Nigeria due to the ability of terrorist organisations to generate, conceal, and transfer financial resources that sustain violent activities. The persistence of groups such as Boko Haram and the Islamic State West Africa Province (ISWAP) has highlighted the importance of financial intelligence as a strategic tool for detecting and disrupting terrorist funding networks. This study examined counter-terrorism financing and national security in Nigeria, with emphasis on assessing the role of financial intelligence between 2015 and 2025. The study adopted a qualitative research design using documentary analysis of relevant academic literature, government documents, legal frameworks, and reports from national and international institutions involved in anti-money laundering and counter-terrorism financing. The study was guided by Routine Activity Theory, which explains how criminal activities occur when motivated offenders exploit vulnerable systems in the absence of effective guardianship. Within this context, financial intelligence serves as a capable guardianship mechanism by identifying suspicious financial activities and preventing terrorist access to resources. The findings revealed that the nature of terrorism financing in Nigeria has changed significantly during the study period, moving from traditional insurgency funding structures to more complex financial networks involving kidnapping-for-ransom, extortion, illicit trade, corruption, informal financial systems, and organised criminal activities. The study concludes that financial intelligence remains an essential component of Nigeria's national security architecture because it strengthens preventive security measures and reduces terrorists' ability to access financial resources. It recommends improved institutional collaboration, investment in advanced financial intelligence systems, enhanced regulatory supervision, stronger enforcement mechanisms, and greater integration of financial intelligence into Nigeria's wider counter-terrorism strategies.

Keywords: counter-terrorism financing; financial intelligence; ISWAP; money laundering; national security

1 Introduction

Terrorism remains one of the most significant security threats confronting contemporary states because terrorist organisations require financial resources to sustain recruitment, acquire weapons, maintain communication networks, provide logistical support, and execute attacks. Unlike conventional security threats that are primarily addressed through military operations, terrorism depends heavily on hidden financial structures that allow violent extremist groups to survive despite counter-insurgency efforts. Consequently, counter-terrorism strategies have increasingly recognised the importance of disrupting the financial foundations of terrorist organisations through effective counter-terrorism financing (CTF) mechanisms (Biersteker and Eckert, 2020; FATF, 2023). The logic

behind counter-terrorism financing is that restricting access to funds reduces terrorists' operational capabilities and limits their ability to expand their networks.

Nigeria has experienced serious terrorism-related security challenges, particularly since the emergence of Boko Haram and the Islamic State West Africa Province (ISWAP). These groups have contributed significantly to insecurity in the North-East and other parts of the country through violent attacks, suicide bombings, kidnapping, extortion, and destruction of public infrastructure. The persistence of these threats demonstrates that terrorism is not sustained only by ideology but also by complex economic systems that provide continuous financial support. According to Ejiofor (2025), terrorism financing has become a major factor sustaining violent extremism in Nigeria because terrorist groups exploit criminal economies, illicit trade networks, ransom payments, and other financial channels to maintain their operations.

The increasing sophistication of terrorist financing networks has made financial intelligence an essential component of national security strategies. Financial intelligence refers to the systematic collection, analysis, and dissemination of financial information to identify suspicious transactions, trace illicit financial flows, and support law enforcement investigations. Financial Intelligence Units (FIUs) serve as critical institutions within the global anti-money laundering and counter-terrorism financing framework because they transform financial data into actionable intelligence for security agencies (Levi and Reuter, 2021; Malala, 2026). Through suspicious transaction reporting, customer due diligence systems, asset tracing, and information sharing, financial intelligence helps governments detect terrorist financing activities before they translate into violent operations.

In Nigeria, the Nigerian Financial Intelligence Unit (NFIU) plays a central role in combating terrorism financing by receiving and analysing financial disclosures from reporting institutions and sharing intelligence with relevant security and regulatory agencies. The establishment of the NFIU as an autonomous institution strengthened Nigeria's capacity to participate in international anti-money laundering and counter-terrorism financing cooperation. However, despite institutional reforms, challenges remain regarding intelligence coordination, monitoring of informal financial activities, technological capacity, and enforcement effectiveness. Recent research on Nigeria's anti-money laundering and counter-financing of terrorism framework indicates that while formal financial institutions have improved compliance mechanisms, significant weaknesses remain among informal sectors because of limited supervision and institutional capacity constraints (Bawa, 2026).

The Nigerian terrorism financing environment is complicated by the nature of the country's economy, where large informal financial activities exist alongside formal banking systems. Terrorist groups often exploit informal channels, including community networks, illicit markets, criminal enterprises, and cross-border economic activities. Reimer (2025) argues that understanding the financial dynamics of insecurity in Nigeria requires attention to the relationship between terrorism financing, kidnapping economies, corruption, extortion, and organised crime. These interconnected financial activities create difficulties for security institutions because funds can move through multiple channels before reaching terrorist actors.

Furthermore, technological developments have introduced new dimensions to terrorism financing. Digital payment platforms, cryptocurrencies, online fundraising mechanisms, and encrypted communication systems have created additional challenges for financial intelligence agencies. Li et al. (2024) note that modern financial crimes are increasingly difficult to detect because relevant information is distributed across multiple institutions and jurisdictions, requiring advanced data analysis, privacy-preserving technologies, and stronger cooperation between regulators and law enforcement agen-

cies. Therefore, strengthening Nigeria's financial intelligence capabilities requires investment in technology, skilled personnel, institutional collaboration, and improved regulatory oversight.

The international community has also emphasised the importance of financial intelligence in combating terrorism financing. The Financial Action Task Force (FATF) has developed global standards requiring countries to establish effective financial intelligence systems, conduct risk assessments, strengthen targeted financial sanctions, and improve cooperation among relevant agencies (FATF, 2023). Recent FATF assessments demonstrate that terrorist financing threats continue to evolve globally, with terrorist organisations adapting their funding methods through criminal activities, exploitation of legitimate businesses, and emerging financial technologies.

Despite Nigeria's progress in developing counter-terrorism financing institutions, the continued presence of terrorist networks raises questions about the effectiveness of existing financial intelligence mechanisms. Existing studies have largely focused on military counter-terrorism responses, while less attention has been devoted to assessing how financial intelligence contributes to preventing terrorism and strengthening national security. Understanding the effectiveness of financial intelligence is therefore important because intelligence-driven financial disruption can complement traditional security approaches by identifying funding networks, supporting investigations, and weakening terrorist capabilities.

Consequently, this study examines counter-terrorism financing and national security in Nigeria by assessing the role of financial intelligence. The study is significant because it provides an opportunity to evaluate how financial intelligence mechanisms contribute to detecting terrorist financing activities, addressing institutional weaknesses, and enhancing Nigeria's capacity to respond to contemporary security threats.

2 Literature review

2.1 Counter-terrorism financing

Counter-terrorism financing has become a vital component of contemporary security strategies because terrorist organisations depend on financial resources to recruit members, acquire weapons, sustain operations, and spread extremist ideologies. Consequently, disrupting terrorist financial networks through intelligence-driven approaches has become essential for weakening terrorist capabilities and improving national security outcomes (Vlcek, 2022). Effective counter-terrorism financing requires the identification, tracing, monitoring, and freezing of financial assets linked to terrorist activities, which involves cooperation among financial institutions, intelligence agencies, and law enforcement organisations (Uwihoreye and Adekunle, 2025).

The complexity of terrorism financing presents significant challenges because terrorist groups employ both legitimate and illicit financial channels, including money laundering, shell companies, illicit charities, and other concealed mechanisms to accumulate and transfer resources (Romaniuk and Saha, 2023; Ullah, 2025). These evolving financial strategies make it difficult for security institutions to detect and prevent terrorist funding without strong financial intelligence capabilities. Therefore, modern counter-terrorism financing frameworks require continuous adaptation, advanced regulatory measures, and improved intelligence-sharing mechanisms (Cao, 2025).

In Nigeria, the persistence of terrorism-related insecurity highlights the importance of assessing the effectiveness of financial intelligence in combating terrorist financing. Although financial intelligence

mechanisms provide opportunities to identify suspicious transactions and disrupt terrorist funding networks, challenges remain regarding technological capacity, coordination among agencies, and the monitoring of complex financial activities. Global experiences demonstrate that successful counter-terrorism financing requires strong legal frameworks, international cooperation, financial transparency, and targeted sanctions guided by reliable intelligence (Ginting and Talbot, 2023; Patel et al., 2023).

Therefore, strengthening financial intelligence remains critical to Nigeria's national security efforts. By identifying terrorist funding sources and preventing access to financial resources, financial intelligence can reduce the operational capacity of extremist organisations and support preventive security measures (Nekoz and Vlasov, 2025). This study therefore focuses on assessing the role of financial intelligence in counter-terrorism financing and its contribution to enhancing national security in Nigeria.

2.2 National security

National security is a fundamental concept in international relations and state governance; however, it remains an evolving and contested concept because of its changing interpretations and expanding scope (Adhikari, 2024). Traditionally, national security was largely associated with the protection of state sovereignty, territorial integrity, and defence against external military threats. Its modern understanding developed from early ideas of state sovereignty and expanded significantly after the Second World War due to global power rivalries and changing security concerns (Khan, 2022).

Contemporary perspectives have broadened national security beyond military protection to include economic stability, environmental sustainability, political stability, and societal welfare. This transformation reflects a shift from a narrow state-centred approach to a comprehensive security framework that considers multiple factors affecting national resilience and citizens' well-being (Yu, 2024). According to Rahman (2023) and Помаза-Пономаренко et al. (2024), modern security challenges require integrating both internal and external dimensions because threats increasingly occur through complex channels beyond conventional warfare.

The expanded understanding of national security recognises that states must address asymmetric threats, cyber insecurity, terrorism, economic vulnerabilities, and social instability through multidisciplinary approaches (Şengöz, 2022). Therefore, national security involves not only military preparedness but also intelligence gathering, counterterrorism measures, effective governance, and institutional capacity to protect citizens and national interests ("Dynamics of Software and Strategic National Security: A Futuristic Perspective," 2024).

National security policies define the responsibilities of state institutions and other actors in identifying, preventing, and responding to emerging threats (Beti, 2024). Although there is no universally accepted definition of national security, its complexity highlights the need for comprehensive policy frameworks capable of addressing diverse risks within modern societies (Muntian, 2025).

Historically, national security has evolved from protecting states through military power to ensuring broader human and societal security. This development demonstrates increasing recognition that political, economic, social, environmental, and technological factors collectively influence a nation's ability to preserve sovereignty and protect its population (Zakharchenko, 2025; Bulea and Dragomir, 2025). Consequently, effective national security requires a balanced approach combining traditional defence strategies with intelligence, governance, and preventive measures.

2.3 Financial intelligence

Financial intelligence refers to the capacity to acquire, analyse, interpret, and apply financial information to support effective decision-making, efficient resource allocation, and risk management. It involves a broad understanding of financial processes beyond wealth accumulation, incorporating knowledge of financial performance indicators, risk control strategies, and factors that influence financial success and stability (Wanger, 2026; Safi et al., 2023).

The concept of financial intelligence represents both a practical skill and a strategic mindset required for managing complex financial environments. Individuals with strong financial intelligence possess the ability to understand financial principles, evaluate investment opportunities, develop appropriate financial strategies, and make informed economic decisions (Kashif et al., 2025; Mahdi et al., 2023). It involves the application of financial knowledge in areas such as financial planning, investment assessment, wealth preservation, and sustainable resource management.

Financial intelligence also encompasses the ability to apply financial analysis and mathematical principles to forecast future investment outcomes, estimate returns, and evaluate potential risks. This competence enables individuals and organisations to make rational financial choices, minimise uncertainty, and improve overall financial performance (Gunawan and Jannah, 2024). Consequently, individuals with higher levels of financial intelligence are better equipped to manage resources effectively and adopt sound financial practices (Yusuf et al., 2023).

At the individual level, financial intelligence promotes responsible financial behaviour by improving the ability to manage personal resources, maximise assets, control financial risks, and maintain long-term financial security (Miečinskienė et al., 2023; Safi et al., 2024). It provides individuals with the knowledge and skills required to make strategic financial decisions while balancing economic objectives with personal well-being.

Within organisational settings, financial intelligence serves as an important form of intellectual capability that contributes to operational efficiency, competitive advantage, profitability, and sustainable growth. Organisations with strong financial intelligence are better positioned to understand financial trends, allocate resources effectively, and develop strategies for long-term success (Polo-Vargas et al., 2024; Al-Tablee and Hassoon, 2025). Furthermore, financial intelligence is considered essential for businesses because it enhances financial forecasting, risk management, and strategic decision-making processes (Azuka et al., 2025; Teatin et al., 2025).

Therefore, financial intelligence is not merely the possession of financial knowledge but the ability to apply that knowledge strategically to achieve stability, improve performance, and support sustainable development. It remains a critical competency for individuals, organisations, and institutions operating within increasingly complex financial environments.

2.4 Empirical review

Counter-terrorism financing has increasingly become a significant component of national security strategies because terrorist organisations require financial resources to sustain recruitment, acquire weapons, support logistics, and coordinate violent activities. The growing complexity of terrorist financing networks has made it necessary for governments to strengthen anti-money laundering and counter-terrorism financing (AML/CFT) frameworks, improve intelligence-sharing mechanisms, and enhance institutional cooperation. Empirical studies have examined different dimensions of

terrorism financing, financial intelligence, regulatory mechanisms, and their implications for Nigeria's national security.

Okorie (2025) examined the legal and regulatory framework governing the application of AML/CFT provisions among legal practitioners in Nigeria. The study focused particularly on the Money Laundering (Prevention and Prohibition) Act 2022, the Terrorism (Prevention and Prohibition) Act 2022, and Nigerian Financial Intelligence Unit (NFIU) guidelines. The study revealed that legal practitioners have important obligations in preventing financial crimes through customer identification procedures, due diligence practices, and reporting of suspicious transactions. However, the study identified challenges relating to enforcement, professional resistance, limited compliance culture, and institutional oversight within the Nigerian legal profession. The study concluded that strengthening cooperation between regulators and professional bodies is essential for ensuring that legal practitioners contribute effectively to national and international efforts against terrorism financing.

Similarly, Akinteye et al. (2023) investigated the contribution of internal audit mechanisms to improving AML/CFT controls in Nigeria. Using a review of academic studies published between 2015 and 2023 from databases such as Google Scholar, EBSCO Host, ScienceDirect, JSTOR, and Emerald, the study analysed the relationship between internal auditing and financial crime prevention. Findings indicated that internal audit plays a crucial role in strengthening AML/CFT compliance by identifying weaknesses, improving monitoring systems, and supporting institutional accountability. The study further emphasised that internal auditors require specialised knowledge of evolving money laundering and terrorism financing techniques, including the use of information and communication technologies. It recommended stronger collaboration between internal auditors, the NFIU, and the Central Bank of Nigeria (CBN) AML/CFT department to improve intelligence sharing and adopt international best practices.

Piate (2025) conducted a comparative analysis of terrorism and violent crime in Africa, with particular emphasis on Nigeria and Kenya. The study was motivated by the persistence of terrorism despite numerous national, regional, and international counter-terrorism strategies. The researchers examined the causes and consequences of terrorism using Frustration-Aggression Theory, Religious Fanaticism Theory, and Relative Deprivation Theory. Findings showed that terrorism in Africa is influenced by historical grievances, poor governance, corruption, extremist ideologies, intelligence failures, inadequate cooperation among security institutions, and porous borders. The study argued that effective counter-terrorism strategies require comprehensive legal frameworks, improved intelligence sharing, stronger border management, and capable security institutions.

Ngboawaji (2024) examined the phenomenon of terrorism financing in Nigeria using a mixed-methods approach. The study explored the sources, routes, and operational methods through which terrorist groups obtain financial resources. Findings demonstrated that terrorism financing in Nigeria is linked to corruption, money laundering, informal financial systems, religious extremism, and weaknesses within financial regulatory institutions. The study identified significant gaps in Nigeria's financial monitoring and enforcement capabilities, arguing that terrorist groups exploit institutional weaknesses to sustain their activities. It recommended comprehensive reforms of regulatory frameworks, stronger international cooperation, improved social inclusion, and economic development initiatives to address the conditions that enable terrorism financing.

Usamotu and Agara (2024) assessed Nigeria's ability to identify terrorist plans and prevent attacks, focusing on two major pillars of the National Counter-Terrorism Strategy (NACTEST): identification and preparation. The study employed secondary data and content analysis to examine government

efforts in counter-terrorism. Findings indicated that Nigeria has achieved some progress in identifying terrorist funding sources and preventing certain attacks. However, the study revealed that security agencies still lack sufficient capacity to effectively detect terrorist activities before they occur. The researchers recommended greater involvement of civilian populations and community stakeholders in counter-terrorism initiatives to improve intelligence gathering and preventive security measures.

Nyingchia (2022) compared financial intelligence institutions in Nigeria and Cameroon, particularly focusing on the Economic and Financial Crimes Commission (EFCC) and Cameroon's National Agency for Financial Investigation (ANIF). The study highlighted that financial intelligence units play important roles in collecting, analysing, and disseminating information relating to money laundering, associated financial crimes, and terrorism financing. The research found that specialised agencies are necessary because modern financial crimes have become increasingly sophisticated. It concluded that strengthening institutional capacity, improving investigative powers, and adopting advanced financial intelligence mechanisms are necessary for effectively combating illicit financial flows and terrorism financing.

Alade et al. (2021) investigated the relationship between terrorism and economic growth and human capital development in Nigeria between 1981 and 2019. Using the Generalised Method of Moments (GMM) estimator, the study examined the economic consequences of terrorism. Although the study found a negative relationship between terrorism and economic development indicators, it also highlighted the importance of strengthening security financing mechanisms. The researchers recommended improved funding structures for security institutions to enhance Nigeria's capacity to respond effectively to terrorism threats.

Akanji (2021) examined Nigeria's counter-terrorism policy and its relationship with civil society. The study noted that Nigeria has introduced several measures, including terrorism prevention legislation and anti-money laundering policies, to combat terrorism. However, it identified concerns regarding implementation and the impact of counter-terrorism measures on civil society activities. The study suggested that Nigeria's counter-terrorism framework requires restructuring to promote cooperation between state institutions and civil society organisations.

3 Theoretical framework

This study is anchored on Routine Activity Theory (RAT), developed by Cohen and Felson (1979). The theory was originally formulated to explain the occurrence of crime by arguing that criminal activities occur when three essential elements converge: a motivated offender, a suitable target, and the absence of capable guardianship. Unlike traditional criminological theories that focus mainly on offender motivation, Routine Activity Theory emphasises the environmental and situational conditions that allow criminal activities to occur. Over time, the theory has been applied to contemporary security issues, including terrorism, organised crime, money laundering, and terrorism financing (Felson and Eckert, 2019).

The relevance of Routine Activity Theory to counter-terrorism financing lies in its explanation of how terrorist organisations exploit weaknesses within financial systems to access, transfer, and conceal resources. Terrorist financiers represent motivated offenders who seek opportunities to move funds through formal and informal financial channels. Financial institutions, informal markets, charitable organisations, and digital payment platforms may become suitable targets where regulatory controls are weak. The absence of effective guardianship, such as strong financial intelligence systems,

regulatory monitoring, suspicious transaction reporting mechanisms, and inter-agency cooperation, creates opportunities for terrorism financing activities to occur.

In the context of Nigeria, the theory provides a useful framework for understanding how terrorist groups such as Boko Haram and ISWAP sustain their operations through financial networks involving illegal taxation, kidnapping proceeds, corruption, illicit trade, and exploitation of informal financial systems. Where financial intelligence mechanisms are inadequate or poorly coordinated, terrorist organisations can exploit vulnerabilities within the financial environment. Therefore, strengthening institutions such as the Nigerian Financial Intelligence Unit (NFIU), improving intelligence sharing, and enhancing monitoring systems can serve as forms of capable guardianship that reduce opportunities for terrorist financing.

The justification for adopting Routine Activity Theory is based on its ability to explain the interaction between terrorist financiers, financial vulnerabilities, and preventive security mechanisms. The theory shifts attention from only identifying terrorist actors to examining the conditions that enable their financial activities. This perspective aligns with the objective of this study, which is to assess the role of financial intelligence in counter-terrorism financing and national security in Nigeria. By applying RAT, the study argues that effective financial intelligence functions as a form of capable guardianship capable of detecting suspicious financial activities, disrupting terrorist funding networks, and reducing threats to national security. Therefore, Routine Activity Theory provides an appropriate theoretical foundation for examining how weaknesses or strengths in Nigeria's financial intelligence architecture influence the effectiveness of counter-terrorism financing efforts.

4 Methodology

This study adopts a qualitative research methodology to examine the role of financial intelligence in counter-terrorism financing and its implications for national security in Nigeria. The qualitative approach is considered appropriate because the study focuses on understanding institutional processes, regulatory frameworks, intelligence practices, operational challenges, and the experiences of relevant stakeholders involved in combating terrorism financing. This approach allows for an in-depth exploration of how financial intelligence mechanisms operate within Nigeria's counter-terrorism framework.

The study relies primarily on secondary sources of data obtained from scholarly publications, government documents, policy reports, legal frameworks, and institutional publications. Relevant materials include academic journals, books, reports from the Nigerian Financial Intelligence Unit (NFIU), Central Bank of Nigeria (CBN), Financial Action Task Force (FATF), and other international organisations involved in anti-money laundering and counter-terrorism financing efforts. These sources provide evidence on terrorism financing trends, financial intelligence structures, regulatory measures, and national security implications.

A content analysis method is employed to analyse the collected data. Content analysis enables the researcher to systematically examine documents, identify recurring themes, evaluate policy effectiveness, and assess the relationship between financial intelligence mechanisms and counter-terrorism financing outcomes. The study focuses on key themes such as terrorist financing sources, financial intelligence capabilities, institutional collaboration, regulatory enforcement, intelligence sharing, and challenges affecting Nigeria's counter-terrorism financing efforts. The qualitative design is justified because terrorism financing is a complex and sensitive security issue that requires detailed examination of institutional practices and policy implementation rather than numerical measure-

ment alone. By analysing existing evidence and institutional frameworks, the study provides a comprehensive understanding of the effectiveness, limitations, and future prospects of financial intelligence in strengthening Nigeria's counter-terrorism financing strategies and national security architecture.

5 Results and discussion

5.1 Nature and trends of terrorism financing in Nigeria (2015–2025)

The findings reveal that terrorism financing in Nigeria between 2015 and 2025 has become increasingly complex, adaptive, and interconnected with other forms of organised crime. The period witnessed a transition from the dominance of Boko Haram-related financing networks in the North-East to a broader landscape involving insurgency, banditry, kidnapping-for-ransom, illegal mining, extortion, smuggling, and other criminal economies. Terrorist groups have demonstrated the ability to diversify funding sources, making traditional security responses insufficient without effective financial intelligence mechanisms (Ejiofor, 2025; Umar, 2025).

One major trend identified is the increasing dependence of terrorist and violent extremist groups on kidnapping-for-ransom as a primary financing mechanism. Between 2015 and 2025, kidnapping evolved from a criminal activity into a structured financial enterprise used by terrorist organisations and criminal networks to generate revenue. Ejiofor (2025) found that terrorist groups in Nigeria's North-West region increasingly relied on ransom kidnapping, extortion, cattle rustling, robbery, forced labour, and illegal resource exploitation to finance their operations. Similarly, the Nigerian Financial Intelligence Unit (NFIU) identified kidnapping-for-ransom as a significant money laundering and terrorism financing typology requiring enhanced monitoring and intelligence intervention.

The findings further indicate that terrorism financing in Nigeria is closely connected with organised crime networks. Terrorist groups increasingly collaborate with criminal actors involved in smuggling, illegal mining, arms trafficking, and natural resource exploitation. Umar (2025) observed that terrorism financing networks operate within broader criminal ecosystems where proceeds from organised crime are redirected to support terrorist activities. This relationship has expanded the security challenge because counter-terrorism efforts must now address both ideological extremism and profit-driven criminal enterprises.

Another significant trend is the exploitation of informal financial systems and regulatory weaknesses**.** Studies indicate that terrorist financiers utilise informal value transfer systems, cash-based transactions, weakly regulated businesses, and cross-border economic activities to conceal financial movements. Ngboawaji (2024) noted that corruption, informal financial structures, weak institutional enforcement, and gaps in Nigeria's regulatory environment create opportunities for terrorist financing activities. These weaknesses reduce the effectiveness of financial monitoring systems and complicate efforts by agencies such as the NFIU, EFCC, and security institutions to track illicit funds.

The period also shows a gradual shift toward stronger financial intelligence and regulatory responses. Nigeria has strengthened its AML/CFT framework through legislative reforms, improved cooperation among agencies, and increased engagement with international bodies. However, evidence suggests that gaps remain between regulatory compliance and practical implementation. Effective disruption of terrorism financing continues to be limited by inadequate intelligence-sharing

mechanisms, technological constraints, insufficient institutional capacity, and weak monitoring of non-bank financial channels (Okorie, 2025; Akinteye et al., 2023).

5.2 Effectiveness of the Nigerian financial intelligence unit (NFIU) in the detection, analysis, and dissemination of terrorism financing intelligence (2015–2025)

The findings indicate that the Nigerian Financial Intelligence Unit (NFIU) has played an increasingly important role in strengthening Nigeria's counter-terrorism financing architecture between 2015 and 2025. The effectiveness of the Unit has been demonstrated through its capacity to receive suspicious transaction reports, analyse financial information, identify terrorism financing patterns, and disseminate intelligence products to relevant security and regulatory agencies. The NFIU's statutory mandate positions it as the central institution responsible for transforming financial information into actionable intelligence for combating money laundering and terrorism financing.

One major finding is that the NFIU has improved its **detection capacity** through enhanced monitoring of suspicious financial activities. The Unit receives reports from financial institutions, designated non-financial businesses, and professionals, which are analysed alongside domestic and international databases to identify possible links to terrorism financing. This process has strengthened Nigeria's ability to detect suspicious financial movements associated with terrorist groups, criminal networks, and illicit economic activities (Okorie, 2025; Akinteye et al., 2023). The development of specialised terrorism financing typology reports by the NFIU further demonstrates increased institutional capacity to recognise emerging threats, including kidnapping-for-ransom financing, illicit trade networks, and terrorism-linked financial activities.

The study also found that the NFIU's **analytical function** has improved significantly during the period under review. Financial intelligence analysis enables the identification of relationships between transactions, individuals, organisations, and criminal networks. According to Li et al. (2024), modern financial crimes require advanced analytical systems because financial information is often distributed across multiple institutions, making detection difficult without effective intelligence-sharing mechanisms. The NFIU's use of financial databases, intelligence platforms, and collaborative arrangements has enhanced its ability to develop intelligence products capable of supporting national security investigations.

However, despite these improvements, the findings reveal persistent challenges affecting the effectiveness of the NFIU. These include limited technological capacity, difficulties monitoring informal financial systems, inadequate feedback from recipient agencies, and weaknesses in inter-agency coordination. Ngboawaji (2024) observed that terrorism financing in Nigeria remains difficult to control because terrorist networks exploit corruption, informal financial channels, and weaknesses within regulatory systems. Similarly, Usamotu and Agara (2024) noted that although Nigerian security institutions have improved their ability to identify some terrorism financing sources, capacity limitations continue to affect proactive prevention.

Regarding **dissemination of intelligence**, the findings show that the NFIU has strengthened cooperation with law enforcement agencies, intelligence institutions, and regulatory bodies by providing financial intelligence reports to support investigations and prosecutions. The Unit disseminates analysed intelligence to agencies such as the Economic and Financial Crimes Commission (EFCC), security agencies, and other competent authorities for further action. Nevertheless, the effectiveness of dissemination depends heavily on the ability of receiving institutions to act upon intelligence

promptly. Weak coordination between intelligence producers and operational agencies can reduce the practical security impact of financial intelligence.

5.3 Impact of counter-terrorism financing measures on Nigeria's national security (2015–2025)

The findings indicate that counter-terrorism financing (CTF) measures implemented in Nigeria between 2015 and 2025 have produced significant but mixed outcomes in strengthening national security. The establishment of stronger anti-money laundering and counter-terrorism financing frameworks, improvements in financial intelligence systems, and increased cooperation among security and regulatory institutions have contributed to the disruption of some terrorist financing networks. However, persistent insecurity caused by Boko Haram, ISWAP, banditry, kidnapping networks, and other criminal enterprises demonstrates that existing measures have not completely eliminated terrorist financial capabilities (Ngboawaji, 2024; Piate et al., 2025).

One major finding is that CTF measures have improved Nigeria's ability to **identify and disrupt illicit financial flows** associated with terrorism. The strengthening of the Nigerian Financial Intelligence Unit (NFIU), enhanced suspicious transaction reporting mechanisms, and increased collaboration with financial institutions have improved the government's capacity to trace suspicious financial activities. The NFIU's mandate includes receiving suspicious transaction reports, analysing financial information using domestic and international databases, and disseminating intelligence to law enforcement and security agencies for further investigation and prosecution. These developments have supported intelligence-led security operations by providing financial information that complements traditional counter-insurgency approaches.

The findings further reveal that Nigeria's legal and institutional reforms have improved compliance with international counter-terrorism financing standards. The adoption of the Money Laundering (Prevention and Prohibition) Act 2022 and the Terrorism (Prevention and Prohibition) Act 2022 strengthened the legal foundation for investigating and prosecuting terrorism financing offences. Okorie (2025) noted that these reforms have enhanced regulatory obligations among professionals and institutions involved in financial transactions, although practical implementation remains affected by compliance challenges and institutional limitations. Similarly, FATF assessments indicate that Nigeria has made measurable progress in strengthening its AML/CFT framework, including improvements in regulatory supervision, international cooperation, financial intelligence dissemination, and terrorism financing investigations.

Despite these achievements, the study found that the impact of CTF measures on national security remains constrained by several challenges. Terrorist organisations have adapted by shifting from traditional funding sources to diversified criminal economies, including kidnapping-for-ransom, extortion, illegal mining, smuggling, and exploitation of informal financial systems. Ngboawaji (2024) observed that terrorism financing in Nigeria remains embedded within broader socio-economic and institutional problems, including corruption, weak enforcement capacity, and vulnerabilities within informal financial networks. This adaptability has reduced the ability of financial controls alone to completely eliminate terrorist financing.

The findings also demonstrate that CTF measures have contributed positively to national security by reducing terrorists' access to financial resources and improving intelligence cooperation. Usamotu and Agara (2024) found that Nigerian security agencies have achieved some success in identifying terrorist funding sources and preventing attacks. However, the study also highlighted continued weaknesses in intelligence capacity and the ability to detect terrorist activities before execution. Sim-

ilarly, Akinteye et al. (2023) emphasised that effective AML/CFT control requires stronger collaboration between internal auditors, the NFIU, and regulatory institutions to improve information sharing and respond to emerging financial crime methods.

Furthermore, the findings suggest that CTF measures have had broader national security benefits by strengthening institutional cooperation and improving Nigeria's integration into global security networks. Nigeria's National AML/CFT Strategy 2023–2027 emphasises cooperation among agencies including the NFIU, Central Bank of Nigeria, Economic and Financial Crimes Commission, security agencies, and international partners to improve the prevention and detection of financial crimes. However, the effectiveness of these strategies depends on sustained implementation, technological investment, and the ability of security agencies to translate financial intelligence into operational outcomes.

5.4 Key challenges limiting the effectiveness of counter-terrorism financing mechanisms in strengthening Nigeria's national security (2015–2025)

The findings reveal that although Nigeria has developed significant counter-terrorism financing (CTF) mechanisms between 2015 and 2025, several institutional, operational, and socio-economic challenges have limited their effectiveness in strengthening national security. These challenges have reduced the ability of financial intelligence institutions, regulatory bodies, and security agencies to fully detect, prevent, and disrupt terrorist financing networks.

One major challenge identified is weak institutional coordination and intelligence-sharing among relevant agencies**.** Effective counter-terrorism financing requires cooperation between the Nigerian Financial Intelligence Unit (NFIU), Central Bank of Nigeria (CBN), Economic and Financial Crimes Commission (EFCC), law enforcement agencies, and international partners. However, studies indicate that gaps in communication, delayed intelligence exchange, and overlapping institutional responsibilities continue to affect operational effectiveness (Akinteye et al., 2023; Usamotu et al., 2024). Although financial intelligence may be generated, its security impact depends on the capacity of receiving agencies to analyse and act upon the information effectively.

Another significant challenge is the limited monitoring of informal financial systems. Terrorist organisations in Nigeria increasingly exploit informal markets, cash-based transactions, illegal trade networks, kidnapping proceeds, and other criminal economies to finance their activities. Ngboawaji (2024) found that corruption, informal financial structures, and weaknesses in regulatory enforcement create opportunities for terrorist groups to conceal and transfer funds. These vulnerabilities make it difficult for formal financial intelligence mechanisms to identify all sources of terrorism financing.

The findings also highlight technological and capacity limitations as major constraints. Modern terrorism financing involves sophisticated methods, including digital transactions, cross-border transfers, and complex financial arrangements. Financial intelligence institutions require advanced analytical tools, skilled personnel, and updated technology to identify emerging financing patterns. Limited resources and inadequate technical capacity have affected Nigeria's ability to respond effectively to evolving financial threats (Okorie, 2025).

Furthermore, corruption, weak enforcement, and poor compliance culture remain important obstacles. Although Nigeria has strengthened its AML/CFT legal framework, implementation challenges continue to reduce effectiveness. Resistance to compliance obligations, limited awareness

among reporting institutions, and institutional bottlenecks weaken the enforcement of terrorism financing regulations (Okorie, 2025).

6 Conclusion

This study examined counter-terrorism financing and national security in Nigeria, with particular emphasis on the role of financial intelligence between 2015 and 2025. The findings demonstrate that terrorism financing remains a major security challenge because terrorist organisations have continued to adapt their funding strategies through kidnapping-for-ransom, extortion, illicit trade, informal financial systems, and other criminal networks. These evolving financing methods have made financial intelligence an essential component of Nigeria's national security framework.

The study established that the Nigerian Financial Intelligence Unit (NFIU) has contributed significantly to counter-terrorism financing through the detection, analysis, and dissemination of financial intelligence to relevant security and regulatory institutions. Improvements in AML/CFT regulations, suspicious transaction monitoring, and institutional collaboration have strengthened Nigeria's capacity to identify and disrupt terrorist funding networks. However, the effectiveness of these mechanisms has been limited by challenges including weak inter-agency coordination, technological constraints, inadequate monitoring of informal financial activities, corruption, and implementation gaps.

The study concludes that financial intelligence represents a critical form of preventive security capable of reducing terrorists' access to financial resources and improving national security outcomes. Nevertheless, achieving sustainable success requires continuous reforms, stronger institutional cooperation, investment in technology, improved intelligence-sharing systems, and greater enforcement of counter-terrorism financing regulations. A comprehensive intelligence-led approach that combines financial measures with broader security, governance, and socio-economic interventions remains essential for effectively addressing terrorism financing in Nigeria.

7 Recommendations

Based on the findings of this study, the following recommendations are proposed to strengthen counter-terrorism financing mechanisms and enhance Nigeria's national security.

First, there is a need to strengthen inter-agency collaboration and intelligence-sharing among key institutions involved in counter-terrorism financing. The Nigerian Financial Intelligence Unit (NFIU), Central Bank of Nigeria (CBN), Economic and Financial Crimes Commission (EFCC), security agencies, and other relevant stakeholders should establish more effective coordination frameworks to ensure timely exchange of financial intelligence and improve operational responses to terrorist financing threats.

Second, the capacity of financial intelligence institutions should be improved through investment in advanced technology, specialised training, and modern analytical tools. Terrorist groups increasingly exploit digital platforms, informal financial networks, and complex transactions; therefore, Nigeria requires stronger technological capabilities and skilled personnel capable of detecting emerging terrorism financing patterns.

Third, regulatory monitoring of informal financial systems should be strengthened. Government agencies should develop effective mechanisms for tracking cash-based transactions, informal money

transfer systems, illegal businesses, and other vulnerable sectors that may be exploited by terrorist financiers. Greater compliance awareness among financial institutions and designated non-financial businesses should also be encouraged.

Fourth, Nigeria should adopt a comprehensive approach that integrates financial intelligence with broader security, governance, and socio-economic interventions. While disrupting terrorist financing is essential, addressing underlying factors such as poverty, unemployment, corruption, weak governance, and community vulnerability will reduce the conditions that allow terrorist networks to recruit members and sustain financial operations.

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