LEAD DEBATE ON A BILL FOR AN ACT TO PROVIDE FOR SECURED TRANSACTIONS, REGISTRATION AND REGULATION OF SECURED INTEREST IN MOVABLE ASSETS AND FOR RELATED MATTERS, 2017 (SB. 261)

Sponsor: Senator Rafiu Adebayo Ibrahim *(Kwara South)*

1. **Mr. President, distinguished colleagues,** I thank you for the opportunity to lead the debate for the bill for an Act to provide for the regulation of secured transactions in Movable Assets. The Bill was read the first time on Tuesday 8th November, 2016.

2. Mr. President, my distinguished colleagues, according to the Comprehensive Review of the Institutional, Regulatory, Legislative & Associated Instruments Affecting Businesses in Nigeria micro, small and medium-sized enterprises (MSMEs) represents 96% of Nigerian businesses and as such are crucial to the Nigerian economy. The review goes further to show the difficulties these businesses have in accessing funds from financial institutions with data sourced from a collaborative survey conducted by the Small and Medium

5. It is a laudable step and the practicalities of similar laws have been seen in some African Countries like Ghana.

OBJECTIVES

6. Mr. President, distinguished colleagues, this bill seeks to provide for financial inclusion through the use of movable assets as acceptable security for accessing credit by individuals, micro, small and medium enterprises in Nigeria.

7. It also seeks to enhance responsible lending to micro, small and medium enterprises.

8. It applies to the lowest level of individuals or persons who have anything of value to cover finance extended to them as well as upper scale individuals or businesses with inventory of assets that qualifies as collaterals under the Act.

loans. This broadens the possibility of loaning to only those with landed properties and immovable items.

The Bill is made up of Eight (8) Parts and rendered in Fifty-three (53) Clauses as follows:

Part I: Objectives and Scope

Part II: Security Interest

Part III: National Collateral Registry

Part IV: Registration of Security Interest

Part V. Priority of a Security Interest

Part VI: Rights and Duties of a Debtor and Creditor

Part VII: Realization of Security Interests

Part VIII: Miscellaneous

FINANCIAL IMPLICATIONS

12. Mr. President, distinguished colleagues, the Act will require no expensive appropriation as it is decidedly self-financing requiring no direct government financing. The registry will be housed by the Central Bank of Nigeria and will be administered on an electronic platform. This allows for ease of seamless access to those who have need for information regarding availability of assets for

benefit of the entire economy. A major constraint to access to credit by small and medium scale business has been the lack of bankable collateral outside of real property. Real property mortgages is an expensive credit enhancer as its creation involves much formalities and is burdensome, making it less attractive for those the present Bill is intended to support.

CONCLUSION

15. In conclusion sir, my colleagues, this bill which is one of the priority bills of the Senate and one of the economic reform bills of the Senate, provides a market for Banks and other Financial Institutions to move in and extend the much-needed credit to those in need of it and have their interests protected by using movable assets (as an alternative to other kinds of collateral that can ordinarily be used) as security. It thus allows for a democratic way of extending credit with ease to all Nigerians who are desirous of it.