



**NIGERIAN LEASING
INDUSTRY
MAINTAINS
GROWTH AT 13.5%
IN 2019**

ELAN

EQUIPMENT LEASING ASSOCIATION OF NIGERIA LTD/GTE
Creating Wealth & Growth Opportunities

NIGERIAN LEASING INDUSTRY MAINTAINS GROWTH AT 13.5 PER CENT IN 2019

For the tenth time in a row, the Nigerian Leasing Industry buoyed its growth and continued to remain a major contributor to national economic development, while demonstrating its innovation and flexibility in the face of economic turbulence.

The leasing industry recorded a remarkable growth of 13.5 percent in 2019, with outstanding lease volume at N1.91trillion as against N1.68trillion in 2018. This growth can be attributed to: the relative stability in the macroeconomic environment, increasing demand for leasing services - necessitated by the rising cost of assets; stimulation of domestic production; new entrants into the leasing industry and enhanced awareness on the ideals of leasing as a unique financing instrument.

The oil and gas sector maintained its lead with outstanding lease of N577 billion (26%), followed by Transportation sector with N469billion (22%), Manufacturing N269billion (11%), Others (including Healthcare and Education accounted for N171billion (21%), while Agriculture, Telecommunications, and Government recorded considerable growth.

Finance lease continued with its lead at 65% of total leases while operating lease has been increasing its market share in recent times due to market dictates arising from the preference of corporate bodies to focus more on their core activities, while outsourcing other operational functions such as transportation and other logistics services. Also, operating lease is increasingly becoming a risk mitigant and niche market for several lessors in the industry.

In terms of assets categorisation, vehicle constitutes about 55% of the leased assets including trucks for haulage; buses for inter-state commercial transportation and staff shuttle, which have been major attraction in recent times.

In terms of players in the industry, Banks represent 80 per cent of the investment value, financing big ticket leases. While,with regards to transaction spread, non-bank lessors take 80 per cent of the transactions,actively servicing MSMEs.

It is expected that the equipment leasing industry will continue to grow, due to the dearth of capital for development and wide financing gaps across all sectors of the economy.This is expected to be buoyed by developmental initiatives of Government in critical sectors of the economy.

It is however imperative for stakeholders in the leasing industry to contribute their quota towards building a sustainable industry, that will contribute more to national economy.

The Government as a major stakeholder in this regard, should consider doing more for the industry including creating a more favourable operating environment for the players. Essentially, the inauguration of the Equipment Leasing Registration Authority, to further give purport to the Equipment Leasing Act 2015, and the channeling of some of its intervention funds through leasing, to address the funding challenge. These will further position the industry, to continue to contribute more to the development of our economy.

Table 1: Equipment Leasing Table by Sector (2015 – 2019) (N'000)

	2019	2018	2017	2016	2015
Manufacturing	269,254,555.08	245,432,614.52	217,167,991.02	180,569,189.39	158,871,170.21
Transport	469,779,945.09	421,909,188.36	355,958,400.20	319,359,598.57	289,912,286.83
Agriculture	145,130,992.17	133,106,584.08	96,618,887.04	89,299,126.71	73,800,541.58
Oil and Gas	577,828,429.18	518,160,139.98	449,853,966.53	398,615,644.24	361,419,039.94
Government	123,772,064.18	111,697,656.09	88,143,803.18	80,824,042.85	73,074,750.29
Telecoms	170,900,759.48	147,078,818.92	128,235,736.59	120,915,976.26	99,217,957.08
Others	171,045,935.03	123,175,178.30	109,042,866.55	72,444,064.92	50,746,048.74
Total	1,907,662,680.21	1,680,560,180.25	1,445,021,651.11	1,262,027,642.73	1,107,041,794.67

NB: Others include Education, Healthcare, Construction and Consumers sectors

Table 2: Trends in Nigerian Leasing Market (2009 – 2019) (N'000)

Year	Leasing Volume ('000)	Growth (%)
2009	445,265,650.00	28
2010	537,907,637.75	21
2011	622,907,637.75	16
2012	671,494,433.53	8
2013	780,661,932.99	16
2014	869,017,875.10	11
2015	1,107,041,794.67	27
2016	1,262,027,642.73	14
2017	1,445,021,651.11	14.5
2018	1,680,560,180.25	16.3
2019	1,907,662,680.21	13.5

Fig. 1: Distribution of Lease Volume by Sector

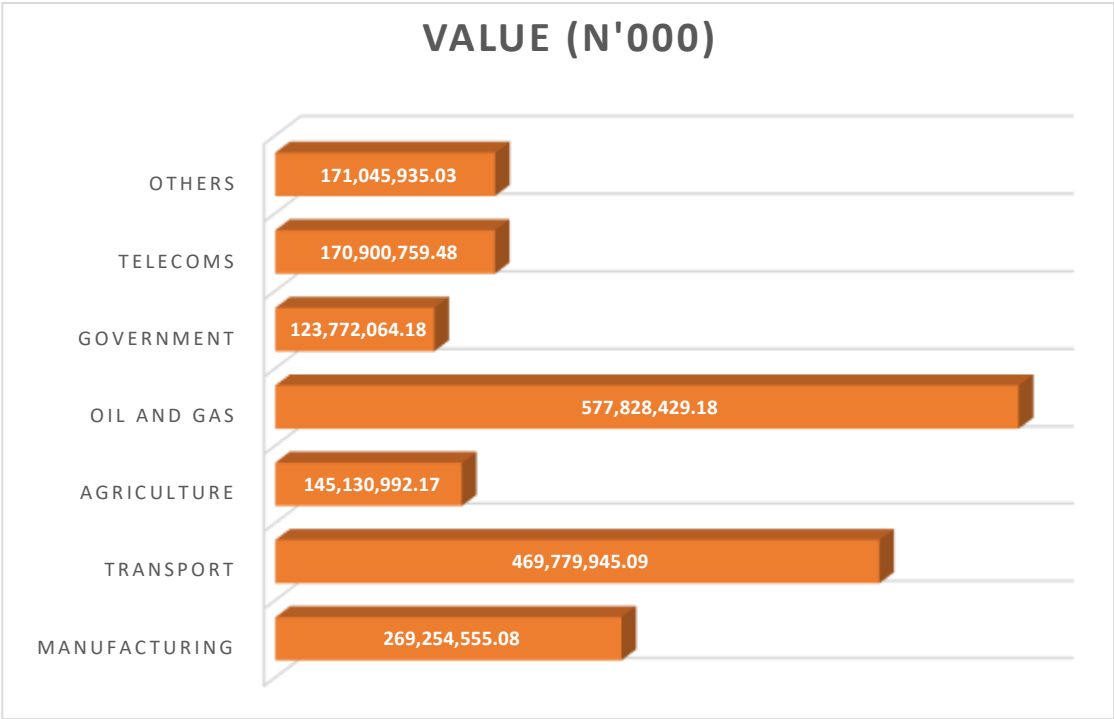


Fig. 2: Distribution of Lease Volume by Sector

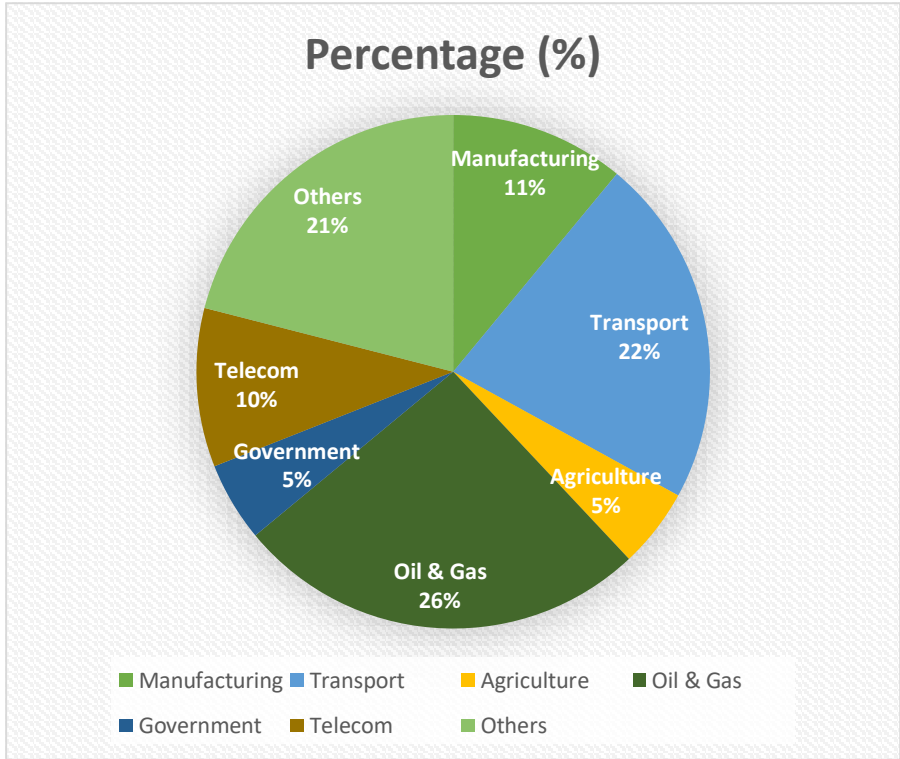


Fig. 3: Analysis by types of Asset

