

**WELCOME ADDRESS BY EHIGIAMUSOE ELIZABETH NGOZI (MRS), CHAIRMAN,  
BOARD OF DIRECTORS, EQUIPMENT LEASING ASSOCIATION OF NIGERIA (ELAN) AT  
THE 20<sup>TH</sup> ANNUAL NATIONAL LEASE CONFERENCE HELD ON THURSDAY, 24<sup>TH</sup>  
NOVEMBER 2022, AT SHERATON LAGOS HOTELS, IKEJA – LAGOS.**

Distinguished Special Guests

Esteemed Guest Speakers and Panellists

Directors of ELAN

Past Chairmen and other past Directors of ELAN

Members of ELAN

Gentlemen of the Press

Ladies and Gentlemen,

I am most delighted to welcome you, on behalf of the Equipment Leasing Association of Nigeria (ELAN), to the 20<sup>th</sup> annual National Lease Conference organised by the Association.

The annual National Lease Conference, is the biggest gathering of stakeholders in the Nigerian leasing industry, which has grown over the years to become a veritable platform for propagating the ideals of leasing and cross-fertilisation of ideas to propel the development of the leasing industry and indeed the national economy.

In the past 20 years, we have been able to enrich the practice of equipment leasing in Nigeria with sound ideas generated from this annual event. These resultant effects include the enactment of the Equipment Leasing Act 2015, Guidelines on Tax Implication of Equipment Leasing issued by the Federal Inland Revenue Service (FIRS) in 2010, and pursuit of appropriate funding mechanisms for the leasing industry as well as providing a platform for practitioners to acquaint themselves with the contemporary issues and expand their business networking horizon.

I am excited that today's event is another opportunity to consolidate on these gains, and take the discussion further. Essentially, the focus of this year's conference is "**The Regulatory Environment for Equipment Leasing: Role and Impact Analysis**". This theme is apt given the significant impact of the regulatory environment on businesses. For us in the leasing industry, the accounting, taxation and legal frameworks, are key success factors

For instance, there are new standards that have been introduced including, the International Financial Reporting Standard (IFRS 16), on Leases, that have a significant impact on the financial reporting and market dynamics of leasing. Similarly, the tax regime affects lease patronage and eventually the bottom line of leasing companies. Specifically, the issue of value-added tax (VAT), withholding tax (WHT), and capital allowance are major contributors, in this regard.

Equally, the legal environment influences the extent of participation in the growth of the leasing industry. The Equipment Leasing Act 2015, is significant in this regard. The Act was enacted as part of the Government's support initiatives to stimulate the development and growth of the leasing industry, bringing sanity into the practice of leasing, certainty in terms of understanding the legal nature of leasing and promoting investment as well as increasing visibility and patronage. A key aspect of the Act is the establishment of the Equipment Leasing Registration Authority (ELRA), for the full implementation of the Act, giving effect to the purport and intent of the Act.

Unfortunately, as at today, the Registration Authority has not been inaugurated, despite persistent engagement since 2015, with the Ministry of Finance, Budget, and National Planning. We continue to appeal to the Honourable Minister, for the immediate inauguration of the body so that the benefits of the Act can be fully harnessed. As it stands, a number of investors are waiting for the commencement of operation of the Registration Authority, to take full advantage of the opportunities provided by the Act.

I am particularly pleased that a critical aspect of today's deliberation, is the private-public-partnership (PPP) discussion, primarily on the implementation of the Act and we want to use this opportunity to appreciate our partners, GIZ Nigeria/Pro-Poor Growth and Promotion of Employment in Nigeria - SEDIN Access to Finance Policy Advisor (SEDIN-GIZ), for their support towards this drive. We assure that the resolutions reached here today, shall be delivered to the Honourable Minister of Finance, Budget, and National Planning and other relevant authorities for appropriate consideration and action.

The significance of the regulatory environment makes it imperative for practitioners to have a thorough understanding of the various aspects, in other to improve on their compliance, service delivery, protection mechanism and overall profitability. We are excited and optimistic that with the assembly of experts in these areas at this conference, we will have a very robust

discussion and at the end of the day, we must have set the stage for further engagements in our continued efforts towards building a stronger and healthier leasing industry that would contribute more to economic development.

Indeed, equipment leasing has gained significant global recognition as a creative financing alternative, generating new business volume of over \$1trillion annually. The appeal of leasing lies in the fact that it delivers a multiplicity of benefits to those who choose to lease. It helps all types and sizes of businesses to conveniently acquire the much-needed equipment for their business ventures.

In Nigeria, the impactful visibility of leasing is increasing, contributing to capital formation in the economy and creating wealth. Outstanding lease volume stood at N2. 58trillion in 2021, and over N14.3 trillion in the last 10 years. The future of leasing remains bright, predicated on the fact that there are still wide financing gaps in all sectors of the economy and the increasing relevance of leasing to capital formation with the challenge of access to finance, especially to MSMEs and the expected Government's commitment to the various initiatives aimed at revamping the economy.

The positive contribution of leasing to national economic development notwithstanding, the industry still needs to be on a strong pedestal to fully realise its potential given the immense opportunities in the economy for leasing. Besides the prevailing challenges of the macroeconomic environment, there are specific hiccups that continue to hinder the faster development and growth of the leasing industry. For instance, in addition to those posed by the regulatory environment, the absence of an appropriate funding mechanism continues to constrain the depth of leasing in the marketplace. The limited sources and high cost of funds have constrained the capacity of most lessors to expand their product offering and even venture into more specialised and capital-intensive sectors like health care, mining and infrastructure. The issue is constrained further by the depreciation of the Naira and consequential increase in cost of assets

Obviously, broad and deeper funding structure is essential to strengthening the capacity of lessors to expand their leasing activities and take advantage of emerging opportunities. "Money is the raw material for leasing" and the ability to attract adequate and cheaper funds will determine the extent of participation in the leasing industry. ELAN, has been advocating for lessors to gain access to various intervention funds and establishment of a National Leasing Fund, in addition to engaging private financiers (local and international), to support

the industry. While this is being done, non-bank lessors should adopt a proactive approach in addressing the funding challenges, which include trade finance from their vendors and funding from their insurers. Also, lessors can enter into syndicated leasing for large projects, which also has the effect of mitigating risks.

Generally, the macro-economic and industry situations will continue to determine the level of performance of the leasing industry. However, it is imperative for the leasing industry to sustain its resilience to sail through these testing times and this requires continued realignment of strategies and adoption of innovative approach. ELAN, as the umbrella body for the leasing industry will continue to engage with stakeholders, guide and create the platform that would facilitate the attainment of corporate objectives and the diverse interest of stakeholders.

Finally distinguished ladies and gentlemen, at this critical time in our national development, it is important to support any initiative that will create value aimed at addressing the various challenges we face as a nation. Leasing, being the creative financing option that enhances capital formation in the economy, needs all the support it can get. We, therefore, encourage all stakeholders including the government to continue to join hands to build a more vibrant leasing industry that would effectively contribute its quota to national development.

Once more, on behalf of ELAN, welcome to the 20<sup>th</sup> National Lease Conference and I wish us a fruitful deliberation.

Thank you.

**EHIGIAMUSOE ELIZABETH NGOZI (MRS)**  
**CHAIRMAN, BOARD OF DIRECTORS, ELAN**