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EQUIPMENT LEASING ASSOCIATION OF NIGERIA LTD/GTE

Creating Wealth & Growth Opportunities

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EQUIPMENT LEASING: THE CREATIVE FINANCING ALTERNATIVE IN TODAY'S REALITY

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From the Editor's desk

We welcome you to 2025 and the first edition of your insightful journal "The Leasing Focus" for the year. As we navigate the complexities of today's economic landscape, businesses and individuals alike are seeking innovative solutions to optimise their financial resources. In this edition, we beam the light on "**Leasing: The Creative Financing Alternative in Today's Reality**", highlighting the developmental attributes and imperatives of equipment leasing as a compelling and innovative financing alternative for businesses of all sizes, individuals and government at all levels, to stimulate production and create wealth to enhance the overall capacity of the economy during this critical period in the Nigerian economy.

The Nigerian economy has been walking on its knees for some time now, as major indicators showed adverse performance, against the background of global economic uncertainties, geopolitical tensions, and the continued impact of the COVID-19 pandemic as well as increasing domestic macroeconomic vulnerability. The twin cardinal policies of the Federal Government - the subsidy removal and floating of the Naira, hailed as bold reforms in taking the economy out of the woods, have equally imposed short-term pressures on households and businesses with astronomical increases in the cost of goods and services.

The whole essence of leasing is to enhance the planning, improvement, and development of any economy by building and supporting productive ventures. In Nigeria, since its inception leasing has been supporting economic development. Today, the impact of leasing is pronounced in all sectors of the economy, enhancing capital formation, generating employment, and creating wealth and remains a compelling alternative as we navigate the complexities of our challenging economy, offering efficient and flexible financing solutions to meet the diverse needs of the user.

This edition is also spiced with valuable contents – *review of the global leasing market; 2025 outlook for the leasing industry, Leasing Titbits* etc. We hope you find this edition rewarding as a source of documentation and research.

Thank you.

Yemi Eniolawun

Nigeria ranks 45th as Global Leasing Industry Sustains Continued Innovation and Strength

According to the World Leasing Yearbook 2025, Nigeria ranks 45th position, in the top 50 leasing countries, with an outstanding lease volume of N4.19 trillion in 2023 as against N3.25 trillion in 2022 and a growth rate of 28.7 percent, while new leases peaked at N935.6 billion against N672 billion in 2022, recording a remarkable 39.2 percent growth.

Globally, the leasing industry has demonstrated its continuing innovation and strength notwithstanding growing challenges, growing global by 5.7% in new business volume in 2023. The top 50 countries reported new business volume of US$1,554bn in 2023 which is up from US$1,470bn in 2022. The Report shows that the global leasing industry has grown 76% in the past decade.

Three regions, North America, Europe and Asia, account for 96% of world leasing volume. North America experienced a marginal increase in new business of 0.6%, Europe was up an impressive 11.7%, and business in Asia was up 7.4% making it the third largest region. Elsewhere, South America was down 13% due to turbulence in some domestic markets. Australia/New Zealand was up 4.9%, and Africa was up 3.6%.

North America. The North American region consists of the US, Canada, and Mexico. The sector maintains its position as the world's biggest leasing market, with new business volume of US$549bn, representing 35% of the total global market share in equipment leased. The US is the dominant player of the region, and the largest single leasing global market. New US business volume for the equipment finance industry increased by 1.1% in 2023 according to the ELFA Annual Survey of Equipment Finance (SEFA). New business in Canada was up 2.8% in 2023 while Mexico experienced a decrease in new business in local currency of 37% in 2023.

Europe. Europe reported an increase in new business of 11.7% in 2023 when expressed in US dollars, bringing total new business to US$494bn, making it the second largest region in the world. Europe accounts for 32% of total world volume. The leading five European countries (UK, Germany, France, Italy, and Poland) feature in the world's top 10 countries for new business, contributing 68% of the total European volume. The United Kingdom and Germany are positioned as the third and fourth largest leasing markets in the world and remain the dominant players in Europe. They accounted for 40% of the European market and 13% of the world market in 2023.

Asia. The Asian leasing market performed strongly in 2023, and new business volume increased by 7.4% to US$457bn. Asia occupies a 29.4% share of the world market. China is the 2nd largest leasing market in the world by a considerable margin. New business stood at US$349bn in 2023 with growth of 12.5% over 2022 which reflects the positive GDP performance of the Chinese economy during 2023. Japan, which is the 5th largest leasing market in the world, experienced an increase in lease transaction volume in 2023 of 10.2% with new business volume of US$65bn. It remains the second largest market in Asia after China.

Table 1: Volume and growth by region (2022-23)

Rank by volume	Region	Annual volume (US$bn)	Growth 2022-23 (%)	Percentage of world market volume 2022	Percentage of world market volume 2023	Change in market share 2022-23
1	N. America	549.08	0.6	37.15	35.32	-1.8
2	Europe	493.47	11.7	30.05	31.75	1.7
3	Asia	457.09	7.4	28.94	29.41	0.5
4	Aus/NZ	27.80	4.9	1.80	1.79	0.0
5	S. America	21.89	-13.6	1.72	1.41	-0.3
6	Africa	5.12	3.6	0.34	0.33	0.0
	Total	**1,554.45**				

Source: Solifi Global Leasing Report

Rest of the world. Australia ranks in ninth place in the Top 50, with new business volume of US$28bn in 2023. We have not been able to obtain reliable data for New Zealand. Australia/New Zealand represents approximately a 2% share of global leasing volume.

Africa accounts for 0.3% of the world market in leasing with four African countries achieving a placing within the global leasing report top 50: Morocco, South Africa, Nigeria, and Egypt. The region accounted for US$5bn of new business in 2023.

Table 2: Global Leasing Report 2024

Ranking	Continent Code	Country	Annual volume (US$bn)	% Growth 2022-23	% Market penetration	Source
1	NA	United State	508.30	1.10	21.0	(8)
2	A	China	348.73	12.50	12.3	(9)
3	E	United Kingdom	101.21	3.90	40.0	(2)
4	E	Germany	97.63	19.50	28.0	(2)
5	E	France	69.38	11.80	34.0	(2)
6	A	Japan	65.28	10.20	4.2	(1)
7	E	Italy	40.45	8.80	20.0	(2)
8	NA	Canada	32.79	2.77	38.0	(1)
9	ANT	Australia	27.80	2.60	n/a	(1)
10	E	Poland	24.91	20.00	45.0	(2)
11	A	Taiwan	24.48	3.72	13.0	(1)
12	E	Sweden	23.82	-3.30	38.0	(2)
13	E	Switzerland	17.46	14.20	9.0	(2)

14	E	Russia	15.00	n/a	n/a	(8)
15	E	Spain	13.40	3.70	21.0	(2)
16	E	Denmark	13.13	2.80	39.0	(2)
17	A	S. Korea	12.90	-10.00	9.0	(1)
18	E	Belgium	10.59	14.40	34.0	(2)
19	E	Austria	10.19	3.40	18.0	(2)
20	SA	Brazil	10.01	36.00	2.1	(4)
21	E	Netherlands	8.42	4.80	34.0	(2)
22	E	Norway	8.32	-3.30	24.0	(2)
23	NA	Mexico	7.99	-37.00	2.0	(4)
24	E	Czech Republic	7.59	19.60	16.0	(2)
25	A	India	4.14	23.57	0.5	(9)
26	E	Turkey	4.12	10.70	n/a	(2)
27	E	Portugal	4.11	18.30	19.0	(2)
28	E	Finland	4.00	0.00	n/a	(8)
29	SA	Chile	3.50	-16.00	5.3	(4)
30	E	Slovakia	3.42	-3.90	22.0	(2)
31	E	Hungary	3.09	9.00	11.0	(2)
32	SA	Puerto Rico	2.99	29.00	12.7	(4)
33	E	Lithuania	2.74	16.90	34.0	(2)
34	E	Slovenia	2.40	8.30	15.0	(2)
35	E	Bulgaria	2.01	11.60	23.0	(2)
36	E	Croatia	1.96	26.80	25.0	(2)
37	SA	Argentina	1.93	388.00	1.6	(4)
38	SA	Colombia	1.86	-80.00	2.4	(4)
39	AF	South Africa	1.85	0.00	n/a	(8)
40	AF	Morocco	1.83	8.70	n/a	(2)
41	E	Estonia	1.50	1.30	32.0	(2)
42	SA	Peru	1.39	173.00	2.5	(4)
43	A	Malaysia	1.25	16.56	n/a	(1)
44	E	Latvia	1.07	21.10	24.0	(2)
45	AF	Nigeria	1.06	39.20	n/a	(1)
46	E	Serbia	0.85	10.60	n/a	(1)
47	E	Greece	0.70	22.80	4.0	(2)
48	AF	Egypt	0.38	33.67	n/a	(1)
49	A	Uzbekistan	0.31	26.00	1.2	(1)
50	SA	Costa Rica	0.21	160.00	1.1	(4)
	Total		**1554.45**			

Market penetration rates quoted by Leaseurope appear as those reported and defined in Leaseurope's 2023 Annual Survey.
Country growth figures display the figure reported by each country i.e It is unaffected by the vagaries of currency fluctuations. It is intended to display true growth as experienced on the ground.

Key to Sources: **(1) National Leasing Association** **(2) Leaseurope** **(3) Asian Leasing Association** **(4) Alta Group** **(5) Other Trade Associations** **(6) Government Statistics** **(7) Central Bank Data** **(8) Author's Estimate** **(9) Others' Data**

Source: World Leasing Yearbook 2025

NIGERIAN LEASING INDUSTRY IN 2025: SUSTAINING RESILIENCE AMIDST CONTINUED CHALLENGES

The Nigerian leasing industry is expected to remain resilient, in the face of the perennial economic challenges and making significant contributions to capital formation in the economy.

Since its inception in Nigeria, leasing has been supporting economic development. Today, the impact of leasing is pronounced in all sectors of the economy, enhancing capital formation, generating employment, and creating wealth. In the past few years, the industry has continued to sustain its growth trajectory, notwithstanding the prevailing headwinds in the economy. Outstanding leases stood at N4.19 trillion in 2023 as against N3.25 trillion in 2022, representing a 28.7 % increase, while new leases peaked at N935.6 billion against N672 billion in 2022, recording a remarkable 39.2% growth. Leasing contribution to the economy over the last decade is estimated at N20.4 trillion and it is becoming more relevant in our prevailing economic situation.

The statistics indicate that the oil and gas sector held 25 % of the outstanding leases with N1.1trillion; followed by Transportation & Logistics at 23 % having N977 billion; Manufacturing had 14 % with N607bn; Telecoms took 8 % with N374bn; Others (including Consumer leases, Healthcare and Education) had 14 % with N504bn. Other notable sectors are Agriculture 9 % with N300bn and Government equally making positive growth at N267bn (7 %).

This growth was driven basically by the attraction of new entrants and more investment into the industry; increasing innovations and strong resilience by the industry's players; and increasing level of awareness of the benefits of leasing - which continue to be more compelling given the increasing cost of assets. These activities were buoyed by the relative stability in the operating environment, following the peaceful general elections, and the continued recovery from the effect of the Covid-19 pandemic. The astronomical rise in the cost of assets from the second half of 2023 occasioned mainly by the floating of the Naira, also impacted the figure as more money was required to finance leases.

The industry is expected to record another impressive double-digit growth in 2024 and this trend is projected to continue in 2025, given the growth potential of the industry - the wide financing gap in various sectors of the economy and the growing appetite for asset finance by consumers in the face of tight cash squeeze and rising cost of assets, etc. present opportunities for leasing and notwithstanding the continued challenges posed by macroeconomic environment.

Figure 1: Analysis by types of Asset (2023)

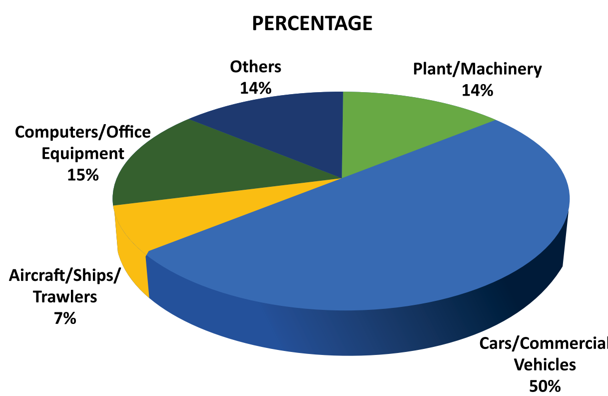


Figure 2: Distribution of Lease Volume by Sector (2023)

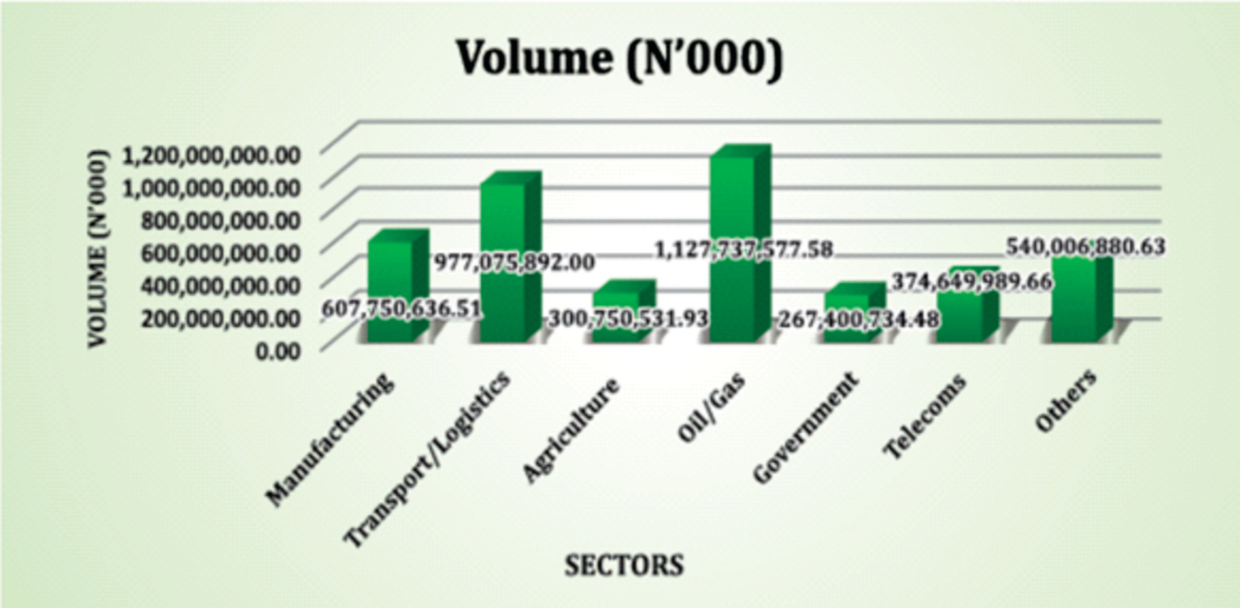
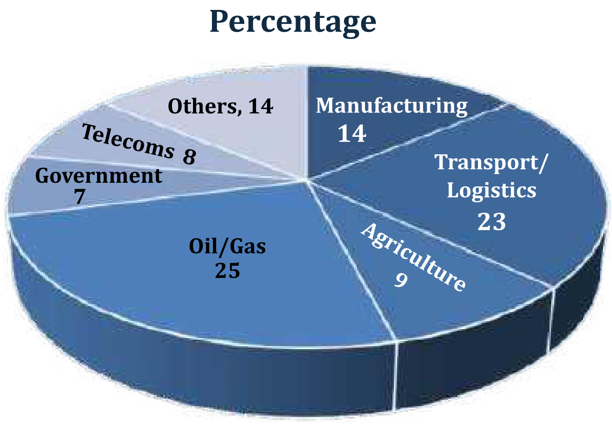


Table 1: Trends in Nigerian Leasing Market (2009 - 2023) (N'000)

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	1,927,712,680.21	14.5
2020	2,011,476,831.90	4.3
2021	2,587,764,938.20	28.6
2022	3,259,807,494.01	25.97
2023	4,195,372,242.79	28.7

Figure 3: Distribution of Lease Volume by Sector (2023)



Generally, the leasing industry in 2024, was significantly impacted by the tough macroeconomic conditions, which became more weighed by the policy reforms of the Federal Government. Key highlights of the year include:

The astronomical increase in prices of goods and services affected the capacity of leasing companies, to finance new transactions and equally maintain service-oriented leases as more money is needed than ever before. Cost profile, including energy, repairs and maintenance, and other ancillary services have been very challenging. These exert more pressure on lessors and customers.

High cost of borrowing. The CBN's continued increase in the Monetary Policy Rate (MPR), aimed to curb inflation (The latest increase of 27.25% in November), led to an increase in the cost of borrowing and consequently lease rate which further constrained leasing businesses. In existing leases, many lessors were under pressure from their financiers who reflected the increases in MPR by adjusting their rates in facilities given to the lessors to finance leases in which the lessors already locked in fixed lease rates for the customers.

Equipment Leasing Table by Sector (2019 – 2023) (N' 000)

	2023	2022	2021	2020	2019
Manufacturing	607,750,636.51	476,771,571.40	375,965,188	279,725,073	269,254,555
Transport/ Logistic	977,075,892	761,895,999.32	614,046,637	490,720,981	469,779,945
Agriculture	300,750,531.93	216,549,704.36	176,227,151	148,565,322	145,130,992
Oil & Gas	1,127,737,577.58	893,846,389.89	739,276,602	602,120,031	577,828,429
Government	267,400,734.48	201,911,201.92	154,868,223	127,206,394	123,772,064
Telecoms	374,649,989.66	299,804,809.60	232,600,554	177,853,183	170,900,759
Others	540,006,880.63	409,027,815.52	294,780,581	185,285,839	171,045,935
Total	4,195,372,242.79	3,259,807,494.01	2,587,764,938	2,011,476,831	1,927,712,680

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

Source: ELAN Research

The absence of an appropriate funding mechanism continued to constrain the depth of lease penetration in the market. The predominance of short-term funds which are even dwindling and expensive cannot support more meaningful development of the industry thus, confining most leases to within 12-48 months to avoid mismatch. The limited sources and high cost of funds have constrained the capacity of most lessors to finance more leases and engage in big-ticket transactions, thereby limiting their scope to small and medium markets.

Increased default rate arising from the combination of intervening events such as higher rentals necessitated by rising costs of borrowing and assets and provision of services as well as the general adverse effect of the economy on businesses.

Continued improvement in new business origination, amid challenging operating environment. The relatively stable economic activities and subsequent demand for asset financing, manifested itself in the increased portfolio of leasing companies, though economic conditions hindered the capacity to fully expand lease offering.

The growing interest in operating leasing. This is increasingly being used as a risk-mitigating strategy by many lessors and for large corporate organisations, as an outsourcing strategy to achieve operational efficiency. In recent times, the industry has been witnessing a total shift from finance leasing to operating leasing by some major lessors to balance their risk appetite and meet the outsourcing needs of customers. Operating leases remain the main attraction and dominant in the Oil and Gas and Maritime sectors for the financing of large ticket transactions involving operational assets like vehicle fleets, vessels, barges, and other heavy-duty equipment.

The continued dominance of vehicle leasing. Vehicles including staff shuttles, commercial buses, trucks for haulage, and operational vehicles, remained dominant as the largest leased asset segment constituting about 60% of the leased assets. Aside from vehicles, a wide range of equipment is leased including Construction equipment: excavators, bulldozers, cranes, etc; Industrial equipment: generators, compressors, forklifts, etc.; Agricultural equipment: tractors, harvesters, irrigation systems; Health care equipment for diagnosis and treatment, Office equipment: computers, printers, copiers, etc and general household assets to other heavy duty and specialised equipment in Oil and Gas and Maritime Sectors.

Expansion of SME Leasing. Small and medium-sized enterprises (SMEs) continued to represent a major market segment for many leasing companies who tap into the opportunity of better margins, though with higher risk. Aside from leasing being regarded as the "last resort" for SMEs, because of its flexibility and convenience, many lessors are constrained by the financial and technical capacity to venture into big-ticket and specialised leases.

Growing partnerships in vendor leasing, between leasing companies and vendors necessitated by the increasing cost of assets. The interest in vendor leasing is gradually expanding from vehicles to other assets such as renewable energy and medical equipment.

Continued attraction of new entrants into the leasing industry from various sectors ranging from financial services to service providers in telecommunications, construction, transport, and logistics as well as oil and gas. The market potential and ease of entry are major drivers attracting investors to the industry.

Increased leveraging on technology, to enhance business operations and processes in response to prevailing conditions.

In 2025, the Nigerian economy is predicted to remain underwhelming though it is expected to witness stability without major distortions as in the previous 18 months. **The impacting macroeconomic and industry-specific variables will shape the performance of the leasing industry. While the challenges are obvious and not likely to significantly abate in the next 12 months, one thing that is certain is that the leasing industry will maintain its sustained resilience amid the continued challenges.** The prevailing conditions in 2024 will continue to manifest as key influencers and watchers in 2025 and will include:

Inflationary pressure as rising costs will continue to impact volume, service delivery, and profitability. The rising cost of assets and services means a reduced number of assets that can be financed and invariably lower margin.

Funding challenges. The absence of appropriate funding mechanisms and the associated high cost of borrowing will persist. Money is the raw material for leasing, its availability, adequacy, and cost, are key to the success of the industry. ELAN continues to engage financiers locally and internationally for an appropriate funding mechanism for the industry.

Growth in new business volume. The tough economic terrain equally presents an opportunity for leasing as the growing appetite for asset finance by consumers increases due to tight liquidity and rising costs. Also, new participants are expected to join the industry to cash in on the opportunities and this will further boost volume.

Increasing business opportunities. A key characteristic of leasing is that leasing thrives no matter the economic conditions and will do so in this trying time. The wide financing gap in various sectors of the economy and increasing demand for creative financing options to meet asset needs by the investing public, the economic agenda of the Governments across all levels especially, increasing spending in critical infrastructure in key sectors such as transportation - the CNG initiatives for instance, power, health care, construction, agriculture, manufacturing, and technology present rich menu of leasing opportunities.

Greater partnership with vendors especially in new areas like renewable energy equipment, CNG, and electric vehicles with their ancillary facilities, in addition to strengthening relationships with regular vehicles and consumer items vendors. Partnership with local manufacturers is expected to attract some consideration, given the bottlenecks of importation and the growing attention to local content.

More regulatory focus and visibility as the Equipment Leasing Registration Authority (ELRA) is poised for full operation. ELRA is expected to provide the integral booster for the faster development of the leasing industry as it gives effects to the full implementation of the Equipment Leasing Act 2015. ELRA is saddled among other things, with the responsibility of determining the eligibility of persons to practice leasing, register leases to mainly protect the proprietary rights of the lessor, and investigate the incidence of default. Indeed, these functions will bring sanity into the practice of leasing and certainty in understanding the legal nature of leasing as well as stimulating investment in the industry and increasing visibility and patronage.

Indeed, sustaining resilience amid challenges in 2025 and beyond will require lessors to continue to be proactive, conscious, and intentional in their approach. *Essentially, this will involve:*

Strengthening collaboration - Actively participating in the activities of the Equipment Leasing Association of Nigeria (ELAN) as the industry's Association can provide a platform for knowledge sharing, advocacy, and collective action. Equally, collaborating with equipment manufacturers, financial institutions, and technology providers as well as other leasing companies can create a multiplicity of benefits. For instance, such collaboration can be useful in alleviating the funding challenges through various options like trade finance from vendors and funding from financial institutions including insurance companies. Also, lessors can collaborate for syndicate funding of lease equipment or back-to-back leasing arrangements.

Diversification - Expanding into new sectors like renewable energy, healthcare, and technology can mitigate risks associated with dependence on specific industries. Also, offering a wider range of equipment types can attract a broader customer base. These require an understanding of the market dynamics, market intelligence, development of product and niche markets, competitive pricing, and adapting to market shifts, to grow the portfolio within acceptable risk appetite.

Customer focus - Offering tailored leasing solutions to meet the specific needs of different customer segments can enhance customer satisfaction and loyalty. Providing exceptional customer service, including prompt response to the concerns of the lessee and discharge of responsibilities under the lease agreement, can build strong customer relationships.

Prioritise human capacity development to fully understand leasing as a concept, product, and market dynamics. A discerning lessor in this regard stands a better chance of success in the industry.

Technology adoption - Implementing digital platforms for customer relationship management, equipment tracking, maintenance and portfolio performance, etc, can streamline operations and improve efficiency. Also, utilising data analytics to understand market trends, customer behaviour, and equipment performance can inform strategic decision-making.

Strengthening risk management process - This will involve monitoring in-house vulnerabilities - assessing financial, operational risk, and transaction risks. Lessors for instance by bringing risk management to the fore as part of the strategic planning process, can routinely simulate how interrupting events as well as other variables could disrupt their businesses and use those insights to design operations and resource distribution.

Cost reduction - Financial discipline and adopting cost-saving mechanisms in operations, especially in providing services for customers as in the case of operating lease and general back-office operations, will enhance profitability. This has been the main strategy in the industry in recent times.

Seek efficient dispute resolution mechanism - while the Equipment Leasing Act 2015, by implication, promotes the faster resolution of defaults especially in rental payments, and protects the investment of the lessors through an easy repossession process, it would be equally beneficial for the lessor to seek an alternative dispute resolution (ADR) mechanism for quick resolution of disputes. This can be through mediation and arbitration. The Lagos Multi-Door Court House (LMDC) provides such windows in Lagos State and many States equally have this kind of arrangement in place.

Focus on corporate governance - this is a vital ingredient for the success of any organisation. Embracing sound corporate governance, will enhance the profile, visibility, and patronage of the organisation and endear it to potential investors.

Conclusion

In 2025, the Nigerian economy will continue to be challenged though the government and some economic watchers are optimistic of a stable economy as the policy reforms of the government are expected to bring stability in the economy and improvement in the quality of life of Nigerians during the year. As the tough macroeconomic environment takes its toll on the leasing industry, the industry will continue to thrive by sustaining its resilience amid the challenges. It is, however, imperative for all stakeholders to join hands to sustain the development and growth of the industry.

For instance, the government as a major stakeholder should ensure a favourable regulatory environment and other support mechanisms like funding windows to facilitate the development of the industry. The Equipment Leasing Registration Authority (ELRA) as the main regulator of the industry has a major role to play in this regard through effective collaboration with practitioners by ensuring the discharge of its mandate is promotional rather than constraining.

Equally, lessors need to stay ahead of economic forces and be abreast with the industry's trends through realignment of strategies and innovation to continue to deliver value for customers, while positioning themselves for growth. Lessors that strategically adopt this approach, will be best equipped to thrive in the equipment leasing industry.

Indeed, ELAN as the umbrella body for the leasing industry, will continue to guide and create the platform that would facilitate the attainment of corporate objectives and the diverse interests of stakeholders.

EQUIPMENT LEASING: THE CREATIVE FINANCING ALTERNATIVE IN TODAY'S REALITY

Introduction

The Nigerian economy has been struggling in recent times as major indicators showed adverse performance against the background of global economic uncertainties, geopolitical tensions, and the aftermath of the COVID-19 pandemic, as well as increasing domestic macroeconomic vulnerability.

Since the second quarter of 2023, Nigeria has implemented significant reforms to stabilise the economy, resulting in modest growth, improved fiscal health, and rising foreign exchange reserves. Two of the cardinal reforms are the removal of petrol subsidies and the floating of the Naira. The Federal Government has now moved towards market-based pricing of petrol to address the enormous fiscal cost of subsidised pricing while the Central Bank of Nigeria (CBN) initiated major foreign exchange policy reforms in a move towards a unified, better-regulated, and market-reflective official exchange rate.

While these measures were necessary to urgently avert a fiscal crisis and place Nigeria on a stronger development path, they have imposed short-term pressures on households

and businesses due to rising inflation – closing at 34.8% in December 2024 and soaring to a nearly 30-year high. Some economic watchers believe that these tough measures are needed to take the economy out of the woods.

2025 is expected to witness the consolidation of the policy reforms and stability of the economy, devoid of the major shock or distortion seen in the last 20 months occasioned by the removal of subsidies and floating of the Naira. However, the economy will remain in the woods. Essentially, the economy is expected to improve in key economic indicators. For instance, the GDP is expected to grow at a moderate pace of 3.7 %, driven by government reforms, increased oil production, and a recovery in global trade. Inflation is expected to ease with the implementation of the current policy mix. However, the flip side remains the high inflation rate - though it dropped to 24.48% in January 2025, following the rebasing of the CPI index by the National Bureau of Statistics, inflation continues to be a major headwind.

One major impacting variable is the Naira volatility - the Naira remains volatile, creating uncertainty for businesses and investors. Poverty and Unemployment have increased significantly following the introduction of the reforms. The success of the government's reforms and the ability to address these challenges will determine the long-term trajectory of the economy.

The Government, however, continues to re-echo its economic agenda, “the Renewed Hope Agenda”, aimed primarily to revamp the economy and improve the quality of lives of Nigerians. The government must be proactive and adopt value-added initiatives that facilitate the speedy attainment of the agenda. One such initiative is Equipment Leasing. Essentially, leasing can play a major role in facilitating the various developmental initiatives, ranging from access to capital for individuals and businesses, food security, poverty eradication, inclusive growth, and job creation to supporting initiatives in transportation, including that of the CNG vehicles.

The Equipment Leasing Initiative

Equipment Leasing has become an established financing alternative for the acquisition of capital assets. As a creative instrument, Leasing is unique as it facilitates easy and convenient access to desired equipment needed for productive purposes, contributing to capital formation in the economy. Globally, leasing has continued to grow in size and scope, generating new lease business volume of over $1.5 trillion annually and accounting for 20% of total investment in equipment, contributing about 1.5% to GDP.

The beauty of leasing lies in the fact that it delivers a multiplicity of benefits to those who choose to lease, reaching out and meeting their diverse equipment needs. It helps all types and sizes of businesses to conveniently acquire the much-needed equipment to conduct their business operations and make profit. Governments are also utilising leasing in their developmental initiatives. The leasing industry supports investments in key sectors of the economy in many developing countries including, Egypt, South Africa, Morocco, Algeria, Ghana and Zambia.

Development partners like the World Bank and governments around the globe have been advocating and utilising leasing to finance critical assets across various sectors of the economy, ranging from transport, power, agriculture, and mining to medical infrastructure. In Kenya, for example, the government has been using leasing for official government transport, aimed at delivering efficient and economically viable transport solutions across various governmental departments. The initiative has not only revolutionised governmental transport operations but has also yielded substantial impacts on employment and the local automotive industry, boasting a fleet of over 8,000 vehicles and generating 1,813 employment opportunities while indirectly supporting an estimated 100,000 jobs. The overall essence of leasing is to enhance the planning, improvement, and development of any economy by building and supporting productive ventures.

Since its inception in Nigeria, leasing has been supporting economic development. Today, the impact of leasing is pronounced in all sectors of the economy, enhancing capital formation, generating employment, and creating wealth.

In 2023, the outstanding lease volume stood at N4.19 trillion. Today, the impact of leasing is felt in various sectors of the economy and exhibits a brighter future given its developmental attributes.

Generally, leasing is a contract between a lessor (owner) and a lessee (User), giving the lessee possession and use of a specific asset on payment of rentals over an agreed period. The lessor retains ownership of the asset so that it never becomes the property of the lessee or any other related third party during the tenor of the lease.

Different kinds of equipment cutting across various sectors can be leased to meet the diverse needs of the lessee. Generally, the lessor purchases the equipment from the vendor/manufacturer upon request of the lessee and makes it available to the lessee, who makes periodic payments under the agreement. After the lease period, the lessee may return the asset, re-lease, or purchase it, depending on the agreement.

Lease transactions are broadly categorised into two types:

The **Finance Lease,** also called the capital or full-pay-out lease, is a contract in which the lessee is obligated to pay agreed lease rentals periodically to the lessor over the tenor of the lease in return for the possession and use of the asset under lease. It is "a contract involving payment over a period (known as the primary or basic period), of specified sums sufficient in total to amortise the capital outlay of the lessor plus a desired return". Here, the intention is for the lessee to own the asset at the end of the lease transaction.

Operating Lease: is the direct opposite of a finance lease. In an operating lease, the cost of the asset is not fully amortised during the primary lease period and the lessor does not necessarily depend on the lease rentals during the primary lease period for his total returns but expects to recover the balance of its cost plus profit from the secondary lease or sale of the returned asset at the end of the lease period. In other words, the operating lease is usually for a period shorter than the economic life of the asset, after which it can then be re-leased to the same lessee or someone else at a new rental rate or even sold. It can be cancelled before the end of its tenor by either party, and the lessor retains ownership, risks, and benefits accruing to it.

Some of the benefits of leasing to the lessee include:

Cash flow: This perhaps is the number one reason for leasing. Leasing is a cash management tool as it conserves working capital and frees up resources for other productive ventures. Due to the installment payments in a lease, the lessee can obtain the use of an asset without tying up scarce funds needed to acquire the asset, resulting in convenient and predictable cash flows for the lessee.

Absence of collateral: Generally, in leasing transactions, the need for collateral does not arise as the equipment serves as security for the transaction. This is very important consideration to the SMEs, who in most cases do not have the required collateral for credit.

Flexibility: Leasing offers more flexibility than other modes of financing. Various lease payment structures can be made to suit the lessee's cash flow. For instance, rentals can be paid monthly, quarterly, etc, they can be increased or reduced as the lease progresses. The flexibility in the frequency of payment is very suitable for seasonal businesses like agriculture and those involved in manufacturing seasonal products.

Convenience: Leasing can provide *"one-stop-shopping"* especially in a full service lease where the lessor provides bundled services such as registration of the asset e.g. vehicles, maintenance, repairs, insurance, operators and replacement of the asset etc.

Simple process: Leasing is simple to structure with low transaction costs and generally has a faster response time than other financing alternatives such as loan.

Availability of medium term financing: leasing makes available medium term asset financing to entities especially those who are regarded as not bankable. The banks apply strict lending guidelines, and this excludes access to finance to a number of small businesses. Leasing companies are, however, able to take greater risks and have been a major source of financing for capital equipment to SMEs.

Expands credit sources: leasing provides additional source of credit source and expands access to financing beyond the traditional sources like loans.

Technology: Leasing can be used to transfer the risk of obsolescence to the lessors giving the lessee the opportunity to access latest technology that modernises business processes and stimulate growth.

Restrictive covenant: Leasing avoids restrictive covenants such as debt to equity ratio restriction or current ratio limitations, normally associated with loans.

Conserve credit lines: Leasing conserves source of credit to the lessee. Borrowings might limit the ability of the lessee to access further loans to meet future requirements. Though leasing may be viewed as an extension of credit, it is not always considered as debt that reduces the availability of credit from other sources.

Tax consideration: Some lease contracts may allow the lessee to expense the periodic rental payments in such a way that the rental expense is greater than the possible depreciation expenses if the equipment were owned. This tends to increase tax-deductible expenses and improve cash flow. In other instances, where the lessor is entitled to this tax benefit in the form of capital allowance, the lessor may utilise this to lower the rental to the lessee.

Economies of scale: The lessee may benefit from the economies of scale of the lessor's purchasing power in terms of lower rentals. Quite often, lessors may have discounts based on their volume purchase from the vendor and might pass this benefit to the lessee in reduced rentals.

Hedge against Inflation: Lease payments are usually fixed over the tenor of a lease and, therefore protect the lessee against inflation during the period of the lease.

Easy access to equipment: Leasing might be the only feasible method of acquiring the use of assets either because such assets are too expensive or the cash is not available for the purchase. This is very useful to the SMEs, as they do not have to wait to get the money to buy before having access to productive equipment.

Leasing and Economic Development

As could be deduced from the discussion so far, leasing provides several significant contributions to a country's economic development. In particular, it provides financing to SMEs and is regarded as a major contributor to economic development. Leasing contribution takes place through:

Access to Financing

Lessors take greater risks by engaging in lease transactions with businesses, especially those that may not be qualified for traditional bank loans. This translates to more businesses, increased employment, more tax revenue, and enhanced overall economic growth.

Increase in Domestic Capital Base

"Money is the raw material" for leasing and is sourced mainly from the banks, and this invariably stimulates banks' borrowings, with consequential increase in the domestic capital base.

Competition to Traditional Banks

Leasing provides an additional source of financing in the marketplace, thereby providing an alternative, broadening product offerings, and increasing competition and efficiency in the financial space.

Development of Secondary market

Leasing generates a steady supply of used equipment and this can facilitate the development of a secondary market for a variety of assets such as vehicles and other transportation equipment.

LEASING IN TODAY'S REALITY

In today's reality of tough economic challenges, the developmental attributes of leasing can be brought to bear by the government to address the financing gaps in the economy and steer the economy out of the woods, improve national growth and development and for businesses, to navigate the difficult terrain and stay afloat.

There is need for the government to be intentional in utilising leasing. One key area is public sector leasing - the need for resource optimisation requires that all tiers of government deepen their participation in public sector leasing. This model conserves capital and provides flexibility, enabling public entities to access essential equipment, technology, and infrastructure without significant upfront investment, leading to cost savings and avoidance of waste. By reallocating capital from asset acquisition to more strategic endeavours, governments can maximise their impact and deliver greater value to the citizenry.

The utilisation of leasing will facilitate the faster realisation of the various developmental agenda cutting across different sectors and initiatives. For instance, leasing can be very instrumental in driving the Federal Government's plan to lower the costs of food and drugs by boosting food production and promoting local manufacturing of essential drugs and medical supplies in furtherance of the government's target to bring down inflation to the targeted 15 %. Access to necessary equipment across the agricultural and drug manufacturing value chain will stimulate production in these areas and achieve the desired results. Likewise, other key sectors of the economy - healthcare, power, construction, mining, transport/logistics, ICT, etc can leverage equipment leasing to fill the huge financing gaps in these sectors and propel them for growth.

Similarly, leasing can play a major role in accelerating access to consumer credit for Nigerians - a cardinal aspect of the “Renewed Hope Agenda” by facilitating easy and convenient access to the much-needed consumer assets that would enhance the quality of life of Nigerians and stimulate economic development. As a creative financing alternative, leasing also comes with immense benefits for this initiative, including promoting cost savings, efficient utilisation of funds, and eliminating wastages and diversion of funds.

For businesses, especially MSMEs, the prevailing economic situation has imposed immense pressure on survival and sustainability. This calls for more resilience, adopting an innovative and dynamic approach to managing capital and operating expenditures where flexibility and agility are paramount. Essentially, the tight liquidity squeeze exacerbated by the increasing cost of assets makes leasing more attractive in bringing succor to businesses by empowering them to acquire the assets they need to grow and thrive in this trying time.

Indeed, leasing has played a vital role in economic development and will continue to equip Nigeria. It remains a compelling alternative as we navigate the complexities of our challenging economy, offering efficient and flexible financing solutions to meet the diverse needs of the user. While the relevance of leasing is not in doubt, Government and other stakeholders need to engage more with the leasing industry and create the enabling environment for the industry to increase its support and contribute more to economic growth. The industry must also position itself to play effectively and take advantage of the numerous opportunities across various sectors of the economy.

ALTERNATIVE DISPUTE RESOLUTION (ADR) MECHANISMS

There has been an increase in the use of Mediation and Arbitration processes as alternative dispute resolution (ADR) mechanisms in Nigeria to resolve commercial disputes. This is a result of users' dissatisfaction with the slow pace and inefficiency of the normal court system.

Mediation is 'the process where parties seek the assistance of a neutral third party or parties to help them in reaching a mutually agreeable resolution for their dispute arising from a contractual or legal relationship'. This definition gives an encompassing and wider application to mediation, conciliation, and other analogous mechanisms. Unlike litigation, which tends to be adversarial and rights-focused, mediation encourages cooperation, communication, and compromise, thereby preserving relationships and promoting long-term solutions.

Arbitration, another ADR mechanism, involves the submission of a dispute to an impartial arbitrator or panel of arbitrators, whose decision is binding on the parties. While akin to litigation in some respects, arbitration offers greater flexibility, confidentiality, and efficiency, making it an attractive option for resolving disputes.

The field of arbitration and mediation has witnessed significant developments over the years, with legislative changes often reflecting evolving global practices. The Arbitration and Mediation Act of 2023 and the Lagos State Multi-Door Courthouse Law of 2007 are notable examples of legislative initiatives aimed at promoting ADR in Nigeria. The Arbitration and Mediation Act of 2023 has established a legal framework that enhances the transparency, speed, autonomy, and

enforceability of arbitral awards and mediation settlement agreements. These critical elements are vital for a robust and efficient arbitration system that solves the evolving needs of businesses and individuals seeking fair and effective dispute resolution by impartial tribunals, free from unnecessary delays or costs.

Mediation and Arbitration must be agreed upon by the parties either in a separate arbitration agreement or a clause contained in the contract. The following multitier-level sample clauses can be a guide for leasing contracts:

1. Negotiation

In the event of any dispute, controversy, or claim arising out of or relating to this agreement, or the breach, termination, or invalidity thereof (a "Dispute"), the parties shall first attempt in good faith to resolve the Dispute through negotiation. Such negotiation shall commence upon one party delivering to the other party written notice of the Dispute (a "Dispute Notice"). The parties shall meet (either in person or virtually) within ten (10) business days following receipt of the Dispute Notice to discuss and attempt to resolve the Dispute.

2. Mediation

If the Dispute has not been resolved by negotiation within thirty (30) days following the date of the Dispute Notice, or such longer period as the parties may agree, the parties agree to submit the Dispute to mediation at the Lagos Multi-Door Courthouse under the LMDC Practice Direction on Mediation Procedure or any recognised mediation institution or body. Each party shall bear its costs in the mediation, and the parties shall share equally the mediator's fees and any other mediation costs.

3. Arbitration

If the Dispute has not been resolved by mediation within sixty (60) days from the commencement of mediation, or such longer period as the parties may agree, the Dispute shall finally be resolved by arbitration. The Lagos Multi-Door Courthouse (LMDC) shall administer the arbitration in accordance with the procedure for instituting Arbitration at the LMDC; the Rules of Arbitration under the Arbitration and Mediation Act or any other law in force. The seat of the arbitration shall be in Lagos, and the language of the arbitration shall be in English.

The arbitration shall be conducted by a sole Arbitrator to be appointed by the LMDC OR the arbitration shall be conducted by a panel of three arbitrators from the LMDC Panel of Neutrals, one appointed by each party and the third appointed by the two party-appointed arbitrators. The decision of the arbitrator(s) shall be final and binding on the parties, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Each party shall bear its costs and expenses of the arbitration, and the costs and expenses of the arbitrators and the arbitration proceedings shall be shared equally by the parties unless the arbitrator(s) decide otherwise.

Kindly note that there are several ADR institutions (including legal firms such as Aelex Legal Practitioners and Arbitrators, a member of ELAN), in various states and it is up to the parties to decide which one to choose. Also, lessors must take into cognisance the provision of the Equipment Leasing Act (sections 37.38,39), dealing with default in rental payments. These provisions seem to have similar effects to ADR in terms of faster processes of handling defaults.

STRESS MANAGEMENT: TECHNIQUES AND STRATEGIES TO DEAL WITH STRESS

While it may seem like there is nothing you can do about stress in your life, there are healthy steps you can take to destress and regain control.

What is stress management?
Stress management involves using various techniques and coping strategies to manage your overall stress levels, improve how you react to stressful things, and build resilience.

It may seem like there is nothing you can do about stress, no way to avoid it or de-stress completely when it hits. The bills will not stop coming, there will never be more hours in the day, and your work and family responsibilities will always be demanding. However, the truth is, you have a lot more control over stress than you may think. The simple realisation that you are in control of your life, is the foundation of stress management.

Managing stress is all about taking charge of your thoughts, emotions, schedules, environment, and the way you deal with problems. The ultimate goal is a balanced life, with time for work, relationships, relaxation, and fun plus the ability to hold up under pressure and meet challenges head on.

If you are living with high levels of stress, you are putting your entire well-being at risk. Stress wreaks havoc on your emotional equilibrium, as well as your overall physical and mental health. It narrows your ability to think clearly, function effectively, and enjoy life.

Practice the 4 As of stress management

There are many healthy ways to reduce stress or cope with its effects, but they all require change. You can either change the situation or change your reaction. When deciding which option to choose, it is helpful to think of the four As: avoid, alter, accept, or adapt.

1. Avoid unnecessary stress
Not all stress can be avoided, and it is not healthy to avoid a situation that needs to be addressed. You may be surprised by the number of stressors in your life that you can eliminate.

Learn how to say "no." Know your limits and stick to them. Whether in your personal or professional life, taking on more than you can handle is a surefire recipe for stress.

Pare down your to-do list. Analyze your schedule, responsibilities, and daily tasks. If you got too much on your plate, distinguish between the "shoulds" and the "musts." Drop tasks that are not truly necessary to the bottom of the list or eliminate them entirely.

2. Alter the situation
If you cannot avoid a stressful situation, try to alter it. Often, this involves changing the way you communicate and operate in your daily life.

Express your feelings instead of bottling them up. If something or someone is bothering you, communicate your concerns in an open and respectful way. If you do not voice your

feelings, resentment will build and the stress will increase.

3. Adapt to the stressor

If you cannot change the stressor, change yourself. You can adapt to stressful situations and regain your sense of control by changing your expectations and attitude.

Reframe problems. Try to view stressful situations from a more positive perspective. Rather than fuming about a traffic jam, look at it as an opportunity to pause and regroup.

Look at the big picture. Take perspective of the stressful situation. Ask yourself how important it will be in the long run. Will it matter in a month? a year? Is it really worth getting upset over? If the answer is no, focus your time and energy elsewhere.

4. Accept the things you can not change

The best way to cope with stress is to accept things as they are. Acceptance may be difficult, but in the long run, it is easier than railing against a situation you can not change. Do not try to control the uncontrollable. Many things in life are beyond our control, particularly the behavior of other people. Rather than stressing out over them, focus on the things you can control such as the way you choose to react to problems.

Look for the upside. When facing major challenges, try to look at them as opportunities for personal growth. If your own poor choices contributed to a stressful situation, reflect on them and learn from your mistakes.

By incorporating these stress management techniques into daily life, individuals can better navigate challenges, achieve resilience, and cultivate a more balanced and fulfilling existence.

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