



# E-NEWSLETTER

## CREDIT BUREAUS LIFT NIGERIA IN GLOBAL DOING BUSINESS RANKING



The World Bank Group, in its latest Doing Business 2015 report, re-affirmed how improvements in Nigeria's credit reporting system have greatly influenced her business environment in recent years by moving 73 places up to number 52 in ease of obtaining credit and 9 places to rank 125th in ease of starting a business. Doing Business 2015 is the 12th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. It presents quantitative indicators on business regulations and the protection of property rights that can be compared across economies—from Afghanistan to Zimbabwe—and over time.\* Data in Doing Business 2015 are current as of June 1, 2014. The indicators are used to analyze economic outcomes and identify what reforms of business regulation have worked, where and why.

The 2015 report states that Nigeria now ranks among the top five economies in Sub-Saharan Africa in two key areas; the ease of getting credit and the strength of minority investor protection. The Doing Business indicators on getting credit measure two types of institutions and systems that can facilitate access to finance

and improve its allocation. One set of these indicators focuses on the secured transactions system, examining the legal rights of borrowers and lenders in secured transactions and bankruptcy laws. The second focuses on the credit reporting system, looking at the information collected and distributed through credit bureaus or registries.

However, the World Bank opined that these institutions and systems work best when implemented together. This portrays an even brighter future for Nigeria as CBN recently unveiled guidelines on the nation's Collateral Registry.

According to the rank criteria, an effective credit reporting system is one that provides the most relevant, reliable, timely and sufficient credit data as well as value added services. All these indicate the performance level of Nigeria's existing three private credit bureaus. Also, the World Bank stated further that Nigeria has implemented ten (10) regulatory reforms from 2005 till date to enhance ease of doing business. However, there are declines in rankings of construction permits, availability of electricity, payment of taxes, and resolution of insolvency. What is

obvious is that despite these negatives, the credit system has improved access to credits such that many SMEs can now cater for themselves and/or simply seek new businesses that are less dependent on these obstacles.

Nevertheless, many economists and stakeholders believe that these improvements are still a long haul to where a country like Nigeria should be, given the potentials and business opportunities in the country.

While most advanced economies can be said to have reached the point of saturation economically and may not have the luxury of space for rigorous economic reforms, emerging markets like Nigeria are still described as fertile for desirable developments. Hopefully, the CBN and other operators in the financial services sector will evaluate components of the rank to ensure further improvement in the future.

**International Finance Corporation; "Doing Business 2015" publication**