



# E-NEWSLETTER

## PRESIDENCY SIGNS CREDIT BUREAU BILL INTO LAW



Nigeria joined the rest of the world in ensuring best practices in access to credit when Acting President Prof Yemi Osinbajo signed the Credit Bureau Bill recently. The Bill which was signed on Tuesday 30th May 2017 as "Credit Reporting Act, 2017" is part of reforms to ease doing business in the country.

The Credit Reporting Act, 2017 provides a comprehensive framework that will ensure seamless information sharing among all stakeholders in the credit space. This has become a dire need for a nation with SMEs constituting over 90% of its private sector whose growth is majorly dependent on availability of finance.



As part of its key features to facilitate a robust credit reporting system, institutions that offer credit and credit-related businesses are mandated to submit such information to the bureaus and thereafter provide monthly updates on the status of performance. Reducing information asymmetry between lenders and borrowers is the ultimate goal of every credit reporting system, thereby enhancing access to credit at reduced cost and time.

Similarly, the Act legislates credit bureaus to maintain information for a period of not less than six (6) years from the date it was provided, after which such data shall be archived for a further period of ten (10) years. In addition, the Bureaus may request information from CBN's Credit Risk Management System and other public registries to enrich their database.

The Act also promotes the right of individuals to obtain one free credit report yearly as a laudable practice to imbibe good credit culture in Nigerians. Besides other benefits, knowing the precise information on your credit report is the surest way to detect when your identity is stolen for fraudulent activities or when your credit transactions and current accounts are in undesirable status. Lenders, on their part, are mandated to obtain credit report from at least one credit bureau before granting any form of credit.

The Credit Reporting Act, 2017 was passed alongside the Secured Transactions in Movable Assets Act, 2017 (a.k.a. Collateral Registry Act) as complementary measures to ensure speedy accessibility of funds for individuals and SMEs.

You can view the complete Credit Reporting Act, 2017 on our website at <http://www.crccreditbureau.com/resources/>