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Legal Certainty and Enforcement under Secured Transactions in Movable Assets Framework of Nigeria

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ABSTRACT

The Secured Transactions in Movable Assets Act 2017 (STMA) of Nigeria is a major reform of the secured-credit architecture of the country. It provides a statutory framework for the creation, perfection, registration, prioritisation and realisation of security interests in movable assets. The reform is significant because it enables borrowers to use tangible and intangible movable property as collateral without necessarily surrendering possession of productive assets. This article examines whether the STMA provides a sufficiently certain legal framework for creditors, borrowers, grantors and competing claimants, with particular emphasis on the relationship between statutory rights and practical enforceability. The study adopted a doctrinal legal research methodology and analysed the statutory provisions of the STMA alongside relevant regulatory materials, authoritative institutional publications and verified scholarly literature. The 2020 documentary report on secured-transactions and credit-reporting reforms is employed as contemporaneous evidence of implementation concerns, particularly those relating to judicial capacity, creditor confidence, enforcement and dispute resolution. The article found that the STMA established a relatively comprehensive statutory architecture, particularly through its rules on security creation, registration, prioritisation and realisation. However, legal certainty is weakened where the statutory regime intersects with other registration systems, including company-charge registration, and where the effectiveness of enforcement depends upon judicial interpretation, institutional capacity and procedural clarity. The article further argued that the emphasis by the Act on registration-based priority creates substantial predictability but also makes the accuracy, accessibility and interoperability of registration systems central to the integrity of the legal framework. The article concluded that the principal challenge is no longer the absence of a statutory basis for movable-asset security

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but ensuring that the statutory framework operates coherently across institutions and produces predictable enforcement outcomes. It recommended greater institutional coordination, continuing judicial specialisation, clearer procedural mechanisms for dispute resolution, and closer harmonisation between the STMA and related legal regimes.

Keywords: *Secured transactions, Movable assets, Legal certainty, National Collateral Registry, Perfection, Priority, Enforcement*

I. INTRODUCTION

The effectiveness of a credit market depends partly upon the extent to which creditors can assess and manage the risks associated with lending.[1] Where a creditor receives security over property, the legal system must provide reasonable certainty concerning the creation of the security interest, the circumstances in which it becomes effective against third parties, its ranking against competing claims and the means by which the creditor may realise the collateral following default. Secured-transactions law therefore performs more than a technical property-law function. It establishes the rules through which the risks of lending are allocated among creditors, borrowers, grantors, purchasers and other claimants.

This consideration is particularly important in Nigeria, where access to credit has historically been constrained by the difficulties faced by enterprises that possess productive movable assets but lack conventional immovable property capable of being offered as collateral. The rationale for reforming movable-asset security law was therefore closely connected with the broader objective of expanding access to credit. The STMA was enacted in the year 2017 and expressly identifies, among its objectives, the enhancement of financial inclusion, stimulation of responsible lending to micro, small and medium enterprises (MSMEs), facilitation of access to credit secured with movable assets, facilitation of perfection and realisation of security interests, and establishment of a collateral registry.[2]

The significance of the STMA sits in the breadth of the legal interests to which it applies. Section 2 covers security interests in movable assets created by agreement to secure payment or performance of an obligation. The Act also provides that public registries established by Acts of the National Assembly to coordinate or warehouse transactions in movable assets are to be operated in a manner that creates an automated interface with the National Collateral Registry

[1] CENT. BANK OF NIGERIA, *National Collateral Registry.*

[2] Betha Igbinosun, *Security Interests in Personal Property and the Nigerian Secured Transactions in Movable Assets Act 2017: An Appraisal*, 64 J. OF AFRICAN L. 357 (2020).

(NCR). At the same time, the Act expressly preserves the possibility of creating security interests in the form of company charges under company law.[3]

The creation of the NCR is therefore central to the architecture. The Central Bank of Nigeria (CBN) explains that the NCR is an electronically driven central database for transactions in which interests in movable assets are provided as collateral, while the STMA provides its statutory foundation. The statutory registry is designed to receive, register and store information concerning security interests and provide access to persons seeking information concerning those interests.[4]

The existence of such a registry addresses an important problem in secured transactions, which is publicity. A creditor contemplating a transaction needs a reliable means of determining whether another creditor has already asserted an interest in the same collateral. Without an effective publicity mechanism, the creditor may be unable to determine the legal position of the asset or accurately price the risk of lending.

Yet registration alone cannot produce legal certainty. A secured-credit framework must also establish clear rules concerning the relationship between contractual creation and third-party effectiveness; the consequences of errors in registration; the duration and cancellation of registrations; competing security interests; purchase-money interests; judgment creditors; buyers and other claimants. The STMA attempts to address these questions through a detailed statutory structure.

The more difficult question concerns enforcement. A security interest ultimately derives much of its economic value from the ability of the creditor to rely upon it after default. If enforcement is unpredictable, excessively delayed or institutionally difficult, the formal existence of a security interest may not provide the confidence necessary to encourage lending. This relationship between legal protection and creditor confidence was explicitly recognised in the 2020 e-workshop report. The report recorded the view that financial institutions would need confidence in the ability of the judiciary to protect and recover assets before movable assets could be fully accepted as collateral.

The report further emphasised the need to sensitise judicial officers, strengthen judicial capacity and ensure that courts understand credit-transaction principles following the enactment of the STMA and related credit-reporting legislation.

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[3] Secured Transactions in Movable Assets Act 2017 (Nigeria).

[4] Report of the e-Workshop on Secured Transactions in Movable Assets and Credit Reporting Reforms in Nigeria (Nat'l Judicial Inst., Abuja, Oct. 27-28, 2020) (on file with the authors); see *CJN, CBN Gov, over 70 Judges for e-Workshop on Movable Assets*, BLUEPRINT (Oct. 24, 2020), https://blueprint.ng/cjn-cbn-gov-over-70-judges-for-e-workshop-on-movable-assets/.

This article consequently approaches the STMA from a doctrinal legal-certainty perspective. It asks not simply whether Nigeria possesses legislation regulating movable-asset security, but whether the legislation provides a sufficiently coherent and predictable framework through which parties can create, perfect, prioritise and enforce security interests.

The article argues that the STMA has substantially strengthened the formal legal framework for movable-asset finance. However, the degree of legal certainty it provides depends upon more than statutory drafting. It depends upon the coherence of registration systems, the accuracy and accessibility of registry information, judicial understanding, procedural clarity and the interaction between the STMA and other areas of Nigerian commercial law.

The analysis is therefore organised around the legal life cycle of a security interest, including creation, attachment and description; perfection and registration; priority; rights and duties; enforcement and realisation; dispute resolution; applicable law; and interaction with other legal regimes.

A. Research methodology and doctrinal scope

This article adopts a doctrinal legal research methodology. The method is appropriate because the principal questions concern the content, coherence, interpretation and operation of legal rules governing secured transactions in movable assets.

The primary legal authority is the STMA 2017. The Federal Republic of Nigeria Official Gazette identifies the legislation as an Act providing for secured transactions, registration and regulation of security interests in movable assets and related matters. The analysis therefore begins with the statutory provisions themselves rather than secondary descriptions of the Act.

The study also draws upon authoritative regulatory material, principally publications of the CBN concerning the NCR and the operation of the secured-transactions framework. The CBN describes the NCR as the central electronic database through which interests in movable assets used as collateral are registered. Such institutional materials are relevant to understanding the operational dimension of the statutory framework but do not displace the Act as the primary legal authority.

Verified scholarly literature is used for critical evaluation. Igbinosun, for example, identifies significant questions concerning the interaction between the registration framework of the STMA and the pre-existing company-charge regime. Esangbedo similarly examines the institutional allocation of responsibility for the NCR and questions whether the regulatory structure is optimally configured to achieve the Act's objectives.[5] These scholarly positions are treated as arguments requiring evaluation rather than automatically accepted propositions.

The 2020 e-workshop report occupies a distinct evidentiary category. It is author-provided documentary evidence concerning contemporary perceptions of the implementation environment. It records proceedings such as the discussions and recommendations concerning judicial capacity, creditor confidence, enforcement, registry integration, stakeholder awareness and dispute resolution. It is not treated as proof of the content of Nigerian law and is not cited as a substitute for primary legislation.

This distinction is important. The report, for example, records that the NCR had 694 registered financial institutions as at 30 September 2020 and that 113,153 financing statements were associated with reported lending of ₦1.80 trillion, US$1.36 billion and €10.92 million to 273,435 borrowers. These figures may demonstrate reported utilisation of the system at the time of the workshop, but they do not by themselves establish that the STMA caused those credit outcomes or that the framework was legally effective in every transaction.[6]

The same distinction applies to claims concerning enforcement. The report records concerns and recommendations relating to judicial capacity and enforcement confidence. Those observations are valuable for understanding the implementation environment[7], but the legal analysis must independently examine the statutory enforcement provisions.

The article therefore distinguishes among:

- primary legal authority: statutes and other binding legal instruments;
- regulatory and institutional evidence: official materials explaining implementation;
- scholarly analysis: arguments concerning the adequacy or consequences of the legal framework;
- documentary: empirical evidence from the 2020 report;
- authorial analysis: conclusions reached from the foregoing materials.

The analysis also avoids treating the STMA in isolation. Because the Act itself preserves company charges and contemplates interfaces with other public registries[8], its provisions must be examined alongside the wider legal environment in which secured transactions operate.

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[5] Gregory Esangbedo, *Regulation or Reform? Evaluating the Central Bank of Nigeria's Role in Implementing the Reform of Personal Property Security Law in Nigeria*, 47 COMMONWEALTH L. BULL. 37 (2021).
[6] Igbinosun, *supra* note 2.
[7] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3.
[8] Report of the 2020 E-Workshop, *supra* note 4.

The central doctrinal test adopted in this article is therefore legal predictability, whether a reasonably informed creditor, borrower or competing claimant can determine the legal consequences of a transaction from the applicable rules and institutional procedures.

II. Conceptual and legal foundations of security interests in movable assets

A. From possession-based security to functional security

Traditional secured-credit arrangements often attach significant legal consequences to possession or formal classifications of property. Movable-asset financing presents a different economic problem because many productive assets must remain in the possession of the borrower and in use if the borrower is to generate income with which to repay the loan.[9]

The STMA responds by creating a statutory framework in which a security interest may exist without the creditor necessarily taking possession of the collateral. Section 3 of the Act provides that a security interest is created through a security agreement between the grantor and creditor. It also permits the security agreement to extend to present and future assets falling within the collateral description.[10]

This approach has considerable commercial significance. A business may possess equipment, inventory, receivables, agricultural products, vehicles or other movable assets that are essential to its productive activity. If granting security required surrender of those assets, the security arrangement could undermine the very economic activity intended to generate repayment.

The statutory framework consequently seeks to separate ownership or possession of the asset from the creditor's security interest in it.

This distinction is important to legal certainty because the parties need to understand precisely what has been transferred and what has not. The borrower retains the economic use of the collateral, while the creditor obtains a legally recognised interest securing performance of the obligation.

B. Creation of the security interest

Section 3 of the Act makes the security agreement central to creation. Section 5 further specifies the content expected of the agreement. It must reflect the intention to create a security interest, identify the grantor and creditor, describe the secured obligation, state the maximum amount for which the security interest is enforceable, adequately describe the collateral and indicate the

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[9] Igbinosun, *supra* note 2.

[10] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, ss. 2–9.

tenor of the secured obligation. It also contains a requirement concerning the parties' agreement to submit civil disputes to the mechanism provided under the Act as a first recourse.

These requirements serve an important certainty function. A security interest should not depend upon uncertain inference from an otherwise ambiguous commercial relationship. The statutory requirements create a minimum evidential structure through which the parties' intentions and the scope of the security can be determined.

The requirement for an adequate description of collateral is especially significant. Section 6 allows collateral to be described by item, kind, type, category, year of manufacture or another description capable of identifying it. The Act also permits an agreement to cover all present and future assets of the grantor where the statutory conditions are satisfied.

This creates flexibility while retaining a requirement of sufficient identification.

C. After-acquired property and proceeds

The STMA further strengthens the functional character of the security interest by recognising interests in after-acquired property and proceeds. Where a security agreement extends to present and future assets, an interest may arise automatically in qualifying assets acquired later by the grantor.

The Act also provides that a security interest extends to identifiable or traceable proceeds of collateral. Section 7 provides for continuation of the security interest in identifiable or traceable proceeds, while section 9 provides automatic perfection in specified categories of proceeds, including money, accounts receivable, negotiable instruments and bank accounts.[11]

The legal rationale for the above is straightforward. If collateral could cease to secure the obligation merely because the debtor sold, converted or transformed the original asset into proceeds, the security would be commercially fragile.

At the same time, proceeds rules create additional questions concerning tracing and identification. The legal certainty of the framework therefore depends upon creditors being able to establish the connection between the original collateral and its proceeds.

D. The scope of the Act

Section 2 deliberately provides a broad scope but excludes specified categories, including rights of set-off, interests in land other than account receivables, and certain interests in ships and aircraft for which specialised registries exist.

[11] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3.

The exclusions are important because legal certainty requires clarity concerning which legal regime applies to which asset.

The existence of specialised regimes is not inherently problematic. Indeed, specialised registration systems may be justified by the characteristics of particular assets. The problem arises where the boundaries between regimes are unclear or where a creditor must search multiple systems without reliable means of determining which system is legally determinative. This concern becomes particularly important when the STMA interacts with company law.

III. Perfection, registration and the National Collateral Registry

A. Perfection as a legal-certainty mechanism

The distinction between creation and perfection is fundamental to secured-transactions law. Creation concerns the relationship between the grantor and creditor. Perfection concerns the ability of the creditor to assert the security interest against third parties within the statutory framework.[12]

Section 8 of the STMA provides that a security interest is perfected when the relevant financing statement is registered in the Collateral Registry. The Act expressly provides that although a secured creditor may take possession of collateral, mere possession does not perfect the security interest.[13] This rule provides a relatively clear statutory signal. Which is, registration is central to perfection. The approach has an important advantage. It creates an objective publicity mechanism. A creditor does not need to rely exclusively upon physical possession or private contractual documents to establish the existence of the security interest against competing parties. The CBN similarly describes the NCR as a centralised electronic database through which transactions involving movable assets as collateral are registered.

B. Registration and consent

The Act contains safeguards concerning registration. Section 12 provides for registration of financing statements, while section 13 generally requires the written consent by the grantor. A security agreement satisfying the statutory requirements may itself constitute sufficient consent for registration concerning the collateral described in the agreement.[14]

This requirement performs two functions. First, it protects grantors against unauthorised registrations. Second, it establishes an evidential link between the private security agreement

[12] CENT. BANK OF NIGERIA, *supra* note 1.
[13] CENT. BANK OF NIGERIA, *National Collateral Registry: Maiden Edition* (2017).
[14] Igbinosun, *supra* note 2.

and the public registration. The combination is important for legal certainty because the public registry should not ordinarily contain an encumbrance that the relevant grantor never authorised.

C. Content and identification

The financing statement must contain information concerning the grantor, creditor, collateral, maximum secured amount and registration period. For individuals, the Act requires specified identifying information, while companies and other entities are identified through relevant registration numbers.

The system therefore depends heavily upon accurate identification. This creates an important legal distinction between minor informational errors and errors that undermine the ability of a searcher to discover the registration.

Sections 16 and 17 address this distinction. An error in a unique identification number or serial number that prevents retrieval may render a registration ineffective, whereas certain errors in names, addresses or other information do not automatically have that effect. An error in collateral description may become significant where it seriously misleads a searcher.[15]

This is a particularly important feature of the statutory framework because it prevents the system from becoming excessively formalistic. If every minor clerical error automatically destroyed a security interest, registration would become unnecessarily hazardous. Conversely, if serious errors had no consequences, the registry would cease to provide reliable publicity. The Act therefore attempts to establish a functional balance between formal accuracy and substantive notice.

D. Duration, amendment and cancellation

The legal certainty of a registry also depends upon its temporal integrity. Section 18 provides that a registered financing statement remains valid until the specified expiry date or cancellation, whichever occurs first. The Act permits renewal or extension before expiry and requires expired registrations to remain searchable for a specified period before being archived.[16]

Section 19 permits amendments, while section 21 provides a mechanism for cancellation. Where the secured obligations have been performed and there is no commitment for future

[15] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, ss. 8–22.
[16] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3.

advances, the creditor is required to file a cancellation statement within the prescribed period after receiving the grantor's request.

These provisions demonstrate that legal certainty is not only about putting information into a registry. It is also about ensuring that the registry accurately reflects the continuing existence or termination of legal interests.

A registry containing obsolete encumbrances can itself create uncertainty. A potential creditor may incorrectly conclude that an asset remains encumbered when the underlying obligation has already been discharged.

The Act addresses this by permitting a grantor to appeal to the Registrar where a creditor fails to comply with a cancellation request.

E. Searchability and publicity

Section 22 permits searches based on specified criteria, including the unique biometric-based identifier of the grantor and the serial number of collateral. The legal significance of this mechanism should not be understated. A registration system is useful only to the extent that a potential claimant can reasonably locate the relevant information. The NCR therefore functions as more than an administrative database. It is part of the legal publicity mechanism upon which priority depends.[17]

This explains why the 2020 report emphasised the need to integrate the NCR with other public registries and credit bureaux. The report specifically identified integration with public registries, credit bureaux, CRMS and vehicle-licensing systems among the proposed next steps.

The recommendation remains doctrinally important because, if a legal system relies upon registration to establish priority, the quality of the registration infrastructure becomes part of the substantive effectiveness of the priority regime.

F. Priority rules and competing interests

Priority is arguably the most important doctrinal function of a secured-transactions regime. It determines which claimant will prevail when more than one person asserts an interest in the same collateral. The STMA adopts a relatively clear general rule. Section 23 provides that priority between perfected security interests in the same collateral is determined by the order of registration. The rule provides a significant degree of predictability. A creditor can ordinarily improve its priority position by promptly registering its interest.

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[17] Report of the 2020 E-Workshop, *supra* note 4.

The explanatory material of the CBN identifies registration order as the basis for determining priority between perfected security interests. However, the statutory framework does not reduce every priority dispute to a simple first-registration rule. Sections 24–34 establish specific rules governing proceeds, transferred security interests, subordination, purchase-money security interests, processed or commingled goods, deposit accounts, liens, negotiable instruments, buyers and lessees, assignees and judgment creditors. [18]

This complexity is not necessarily a defect. Commercial transactions generate different competing interests, and a sophisticated secured-transactions regime must accommodate them.

G. Purchase-money security interests

Section 27 gives a purchase-money security interest priority over a non-purchase-money security interest in the same collateral created by the same grantor, provided the statutory perfection condition is satisfied when the grantor obtains possession of the collateral.

The provision recognises an important commercial reality. A creditor financing the acquisition of an asset may need protection even where another creditor has a general security interest over the assets of the borrower. Without such an exception, a general earlier security interest could discourage acquisition financing because the lender providing the funds to purchase the asset would face uncertainty concerning its priority.

H. Buyers and lessees

Section 32 protects buyers and lessees in specified circumstances.[19] A buyer or lessee who acquires goods for value and receives possession may take them free of an unperfected security interest. Buyers and lessees acquiring goods in the ordinary course of business receive further statutory protection unless they have knowledge that the transaction breaches the security agreement.

The rule demonstrates that legal certainty must balance creditor protection with commercial circulation of assets. A secured-transactions regime that made every encumbered movable asset commercially unusable would undermine the very economic activity the legislation seeks to support.

I. Judgment creditors

Section 34 provides another significant example. A perfected security interest generally has priority over the rights of an unsecured creditor who has obtained a judgment or order of

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[18] Esangbedo, *supra* note 5.
[19] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, ss. 23–34.

attachment, subject to specified circumstances in which the judgment creditor has taken prior steps concerning the collateral.[20]

This provision has broader implications for the relationship between secured credit and civil enforcement. A judgment creditor may have obtained a judicial determination establishing a debt, yet the STMA can still give priority to an earlier perfected security interest. This is doctrinally understandable because the security interest represents a prior proprietary claim over the asset. Nevertheless, it underscores the importance of registration and timing.

The result is that a failure by a creditor to promptly perfect could have consequences not merely in relation to other voluntary creditors but in relation to persons who subsequently obtain judgments or enforcement rights.

J. Registration as the central organising principle

The centrality of registration produces an important doctrinal proposition is that the NCR is not merely a record-keeping facility; it is a component of the substantive priority architecture. If registration determines priority, then inaccurate, inaccessible or fragmented registration systems can generate substantive uncertainty.

This is why scholarly criticism concerning the relationship between the STMA and company-charge registration deserves attention. Igbinosun identifies the dual registration system under the STMA and company law as a significant issue requiring harmonisation.[21] Likewise, Esangbedo examines the institutional implications of the statutory framework and the role assigned to the CBN. The problem is not that multiple legal regimes necessarily cannot coexist. Rather, legal certainty requires that parties understand how the regimes interact and which rules govern priority when interests overlap.

Unresolved conflict	Remedy proposed
Dual registration. Company charges risk being registered twice, across the Corporate Affairs Commission and the National Collateral Registry, under conflicting systems.	Technical interoperability between the two registries, together with legal harmonisation of the regimes they administer.
Data privacy. The transparency of a public registry sits uneasily with the Nigeria Data Protection Act 2023.	Balanced data-access protocols, limiting the exposure of sensitive biometric data.
Dispute resolution. Courts of general jurisdiction lack expertise in movable-asset finance.	Activation of the mediation panel under section 41, and continuous judicial training.

Table 1: Unresolved conflicts in the present framework, and the remedies proposed.

[20] Igbinosun, *supra* note 2.
[21] *Id.*

K. Rights, duties and commercial reasonableness

Legal certainty is not solely about protecting creditors. The STMA establishes reciprocal rights and duties designed to regulate conduct during the life of the security relationship.

Section 35 provides that rights and duties arising under the Act are to be exercised and discharged in good faith and in accordance with reasonable commercial standards. It also imposes a preservation obligation on a person in possession of encumbered assets, subject to fair wear and tear.[22] This provision is significant because it introduces a commercial-reasonableness standard into the statutory framework.

Such a standard provides flexibility because commercial transactions vary significantly. At the same time, standards of reasonableness can create uncertainty where parties require precise rules. The appropriate judicial approach is therefore likely to involve balancing commercial flexibility against the need for predictable standards.

Section 36 provides a damages remedy where a person fails to discharge a duty or obligation imposed by the Act.[23]

The Act also gives grantors and borrowers information rights. A creditor must provide a confirmation statement following registration, while the grantor or borrower may request information concerning the security agreement, indebtedness, collateral and amount necessary to satisfy the secured obligation. These provisions contribute to procedural fairness.

They also serve a practical legal-certainty function. A borrower cannot effectively exercise contractual or statutory rights if the borrower does not know the amount outstanding, the collateral covered or the identity of the successor to a transferred obligation.

The statutory obligation to provide information therefore complements the public registry. The registry provides third-party publicity; the information obligations of the creditor provide transactional transparency between the parties. The combined effect is important. Legal certainty operates at several levels:

- *contractual certainty*: what the parties agreed;
- *registry certainty*: what third parties can discover;
- *priority certainty*: who ranks first;
- *enforcement certainty*: what happens after default; and
- *remedial certainty*: how breaches are addressed.

[22] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, ss. 35–38.
[23] *Id.*

The STMA attempts to address each of these levels, although the effectiveness of the later stages depends substantially upon institutional enforcement.

IV. Enforcement and realisation of security interests

A. Enforcement as the ultimate test of security

The economic value of a security interest is tested most seriously when the borrower defaults.

A creditor may possess a perfectly documented and registered security interest, but if the creditor cannot realise the collateral within a predictable legal framework, the practical value of that security is reduced.

The STMA addresses this directly in Part VII. Section 39 provides that, upon default, a creditor may exercise rights under the Act and the security agreement or resort to appropriate judicial remedies.[24] The statutory remedies operate in addition to specified remedies available under company law.

This is significant because it avoids making the statutory regime an exclusive enforcement route.

B. Notice and repossession

Section 40 of the Act establishes a notice-based repossession framework. Following default, the creditor is required to give the borrower and grantor notice of default and intention to repossess. The notice may be delivered through specified physical or electronic means. Ten days after sending the notice, the creditor may take possession or render the collateral inoperative, subject to the statutory conditions.

The Act permits repossession through judicial process or, where the grantor consented to relinquishing possession without a court order in the security agreement, without judicial process.

The provision reflects a deliberate balance between creditor efficiency and debtor protection. A creditor requires a remedy that is sufficiently effective to preserve the value of collateral. The borrower, however, requires notice and an opportunity to respond before the asset is taken. The statutory framework therefore recognises that enforcement should not become arbitrary self-help.

[24] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, ss. 39–50.

C. Law-enforcement assistance

The STMA permits a creditor enforcing without judicial process to request assistance from the Nigeria Police, and provides for assistance in peaceable repossession upon presentation of the relevant security agreement and certified confirmation statement.

This provision is particularly important from a rule-of-law perspective. The involvement of law-enforcement personnel in a private commercial enforcement process requires careful distinction between peaceable assistance and coercive state enforcement. The statutory language is directed to peaceable repossession, suggesting that the mechanism is not intended to transform a private claim of the creditor into unrestricted coercive authority.

This makes procedural training and institutional understanding important. The 2020 report specifically called for sensitisation seminars for police and other law-enforcement agents concerning their roles under the STMA. Thus, the effectiveness of section 40 depends partly on actors outside the creditor-borrower relationship understanding the limits and conditions of the statutory enforcement mechanism.

D. Sale and commercial reasonableness

Section 44 permits disposal of collateral by sale, lease, licence or another form of disposal.[25] The creditor may use auction, public tender, private sale or another method permitted by the security agreement. Critically, the creditor must obtain a reasonable price available at the time of disposal.

This requirement is central to the protection of the grantor. The objective of the creditor is recovery of the secured obligation. The creditor should not, however, be permitted to exploit its enforcement position by disposing of the collateral at an artificially low value. The statutory reference to a reasonable price therefore introduces a standard against which enforcement conduct can be evaluated.

The difficulty is that "reasonable price" is inherently contextual. The appropriate price may depend upon the asset, market conditions, urgency, location, condition and method of sale. This is an area where judicial development may become particularly important. Courts may ultimately have to determine what constitutes commercially reasonable conduct in particular circumstances.

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[25] *Id.*

E. Notice of sale

Section 45 requires a creditor intending to sell collateral to give not less than ten working days' notice to specified persons, including the borrower, grantor and certain other creditors. Exceptions exist for circumstances such as perishability, substantial expected decline in value, disproportionate storage costs and inventory or farm products.

The provision reflects another balance between certainty and commercial necessity. A rigid notice requirement could destroy value where collateral is perishable. An excessively flexible regime could undermine debtor protection. The statutory exceptions attempt to reconcile these interests by permitting expedited disposal where delay itself threatens the value of the collateral.

F. Distribution of proceeds

The enforcement framework does not stop with sale. Section 48 establishes rules governing application and distribution of proceeds. Reasonable costs and expenses are dealt with first, followed by subordinate registered security interests according to priority and then the grantor. A surplus may be paid into court where there is a dispute concerning entitlement. The borrower remains liable for outstanding financial liabilities.

These provisions are important because enforcement can produce two different outcomes:

- insufficient proceeds to satisfy the secured obligation; or
- surplus proceeds after satisfaction.

The statute therefore provides a mechanism for addressing both.

G. Redemption and reinstatement

Sections 49 and 50 protect the opportunity of the grantor and borrower to recover the collateral before sale.[26] The grantor or borrower may redeem the collateral by fulfilling the secured obligations and paying reasonable expenses. The borrower may also reinstate the security agreement by paying amounts owed, remedying other defaults, and paying reasonable expenses, subject to the statutory limitation on repeated reinstatement.

These provisions demonstrate that the STMA is not simply a creditor-enforcement statute.[27] It establishes a structured enforcement relationship in which the creditor receives an effective remedy, but the debtor retains specified opportunities to cure the default.

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[26] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, ss. 39–50.
[27] Report of the 2020 E-Workshop, *supra* note 4.

Stage	What the Act requires
Trigger	The borrower defaults.
Notice	The creditor serves a notice of ten days, by electronic or physical means.
Repossession	Peaceable repossession, without recourse to a court. The police may assist, but coercion is not permitted.
Sale	The collateral must be sold at a commercially reasonable price under section 44.
Distribution	Proceeds are applied first to the costs of enforcement, then to the secured lenders, and any surplus is returned to the borrower.
Redemption, at any time before sale	Under sections 49 and 50 the grantor or borrower may discharge the debt and halt the process.

Table 2: The enforcement sequence on default under the STMA 2017.

H. Dispute resolution, judicial capacity and procedural certainty

The existence of statutory enforcement powers does not eliminate disputes. Indeed, the more economically significant the collateral, the greater the potential for disagreement concerning default, priority, valuation, repossession, sale and distribution of proceeds.

The STMA recognises this problem by establishing a Mediation and Dispute Resolution Panel under section 41. The Panel is intended to serve as the first resource for mediation and settlement of civil disputes arising between creditors and grantors in the implementation of the Act. The inclusion of a specialised dispute-resolution mechanism is significant because secured-transactions disputes may involve technical issues that are unfamiliar to general commercial litigation.

The 2020 report strongly supports the importance of judicial capacity. It records the need for courts to become conversant with credit-transaction principles and for the judiciary to be strengthened so that credit transactions can be protected and commercial disputes determined expeditiously. The report also recorded a specific recommendation for a Practice Direction to ensure quicker resolution of disputes and emphasised adherence to legal frameworks to facilitate prompt disposal of cases.[28]

These observations are doctrinally important because legal certainty includes procedural certainty.

A party considering movable-asset finance should be able to anticipate not merely its substantive rights but also the institutional route through which those rights will be enforced. This is particularly important where the Act permits both statutory remedies and judicial

[28] Report of the 2020 E-Workshop, *supra* note 4.

remedies. Section 39 expressly allows resort to appropriate judicial remedies. The coexistence of mediation, arbitration-related provisions, non-judicial repossession and judicial remedies requires careful procedural coordination.

A creditor should know:

- whether a dispute must first be submitted to the Panel;
- when judicial intervention is available;
- whether urgent interim relief can be sought;
- what happens where repossession is contested;
- how competing claims are resolved;
- how a settlement or determination is ultimately enforced.

The need for continuing institutional refinement is illustrated by the CBN's April 2026 publication inviting inputs on draft guidelines for the Mediation and Dispute Resolution Panel for secured transactions in movable assets. The existence of that initiative demonstrates that the procedural architecture established by the Act continues to require operational development.[29]

This development should not automatically be characterised as evidence of statutory failure. A specialised legal regime can require procedural rules, guidelines and institutional practice after enactment. Nevertheless, it demonstrates that statutory creation of a dispute-resolution body is not the same thing as a fully operational dispute-resolution system.

The emphasis by the 2020 report on continuing judicial education is therefore especially relevant. The report described the workshop itself as part of continuing education for judicial officers and identified the judiciary as a critical institution for the effective operation of the reforms.[30] Judicial certainty can consequently be strengthened through continuing education, specialised commercial procedures, coherent practice directions and consistent interpretation.

I. Interaction with company law and other registration regimes

One of the most important questions concerning legal certainty under the STMA is its relationship with other Nigerian legal regimes. Section 2(3) expressly provides that nothing in the STMA prevents the creation of security interests in the form of charges by companies under company law.

[29] CENT. BANK OF NIGERIA, *Invitation for Inputs on the Draft Guidelines for the Mediation and Dispute Resolution Panel for Secured Transactions in Movable Assets* (2026).
[30] Report of the 2020 E-Workshop, *supra* note 4.

This provision is commercially significant but doctrinally complex. The STMA establishes the NCR as a central registry for security interests in movable assets. Company law separately provides a framework for registration of company charges. The potential result is that a transaction may involve more than one registration environment.[31]

Igbinosun identifies this dual registration structure as one of the significant unresolved issues surrounding the STMA. Her analysis concludes that the Act did not fully harmonise the legal framework for secured transactions in personal property.[32]

The concern is not merely administrative. Where priority depends upon registration, the existence of parallel registration systems raises questions concerning:

- whether registration in one system is sufficient;
- whether registration in both systems is necessary;
- which system determines priority in a conflict;
- how a creditor conducting due diligence is expected to search both systems; and
- whether the consequences of failure to register are identical.

These questions directly affect transaction costs and legal certainty.

A creditor that cannot determine whether one registration is legally sufficient may respond by undertaking multiple registrations. Although such duplication may reduce legal risk, it increases transaction costs and may undermine one of the economic objectives of a simplified secured-transactions regime.

Esangbedo approaches the issue from an institutional perspective by examining the role of the CBN in the implementation of the personal-property security reforms.[33] The institutional question is important because the STMA places the NCR within the CBN, thereby connecting a property-security registry with a financial-sector regulator.

The solution should not necessarily be to eliminate all parallel registries. Different types of assets and transactions may legitimately require specialised systems. The more defensible reform objective is interoperability and legal coordination.

Indeed, section 2 itself anticipates this by requiring relevant public registries to operate in a manner that creates an automated interface with the NCR.[34]

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[31] Esangbedo, *supra* note 5.
[32] Igbinosun, *supra* note 2.
[33] Esangbedo, *supra* note 5.
[34] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, s. 2.

The 2020 report similarly identified integration of the NCR with other public registries, credit bureaux, CRMS and vehicle-licensing systems as a necessary next step.[35] The doctrinal implication is therefore clear. Registration interoperability is not simply an information-technology issue; it is a legal-certainty issue.

J. Conflict of laws, insolvency and jurisdiction

The STMA also recognises that movable assets and secured parties may have cross-border or multi-jurisdictional connections. Section 51 establishes rules concerning the applicable law for creation, perfection and priority. For tangible property located in Nigeria, the Act applies in the circumstances prescribed by the provision.[36] For certain mobile tangible assets, the location of the grantor becomes relevant, while the applicable law for intangible assets is connected to the grantor's location.

The provision is important because movable assets can cross jurisdictional boundaries. A legal regime that provided no rule for determining applicable law would create significant uncertainty where collateral or grantors have international connections. Section 52 permits the parties to choose the law governing their mutual rights and obligations arising from the security agreement, subject to the statutory framework. While Section 53 further provides that commencement of insolvency proceedings does not displace the conflict-of-laws rules determining the law applicable to creation, perfection, priority and enforcement.[37]

These provisions illustrate that the STMA is not merely a domestic registration statute. It attempts to provide a more comprehensive legal framework for determining the legal status of security interests across different factual settings. Section 56 addresses jurisdiction by providing that actions or proceedings between parties arising from a transaction governed by the Act[38] may be brought before a court within a State of the Federation vested with jurisdiction over commercial borrower-and-lender claims, subject to the constitutional jurisdiction of the Federal High Court.

This provision is significant because uncertainty over forum can itself increase the cost and duration of enforcement. A creditor should not have to resolve complex jurisdictional questions before determining where a straightforward enforcement dispute can be heard. The statutory approach provides a general framework, but the interaction with constitutional jurisdiction and other subject-matter rules means that judicial interpretation remains relevant.

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[35] Report of the 2020 E-Workshop, *supra* note 4.
[36] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, ss. 51–56.
[37] *Id.*
[38] *Id.*

The broader doctrinal lesson is that legal certainty requires jurisdictional predictability alongside substantive predictability.

K. Data protection and registry transparency

The modern secured-transactions framework also raises questions concerning the processing of personal information. The STMA requires financing statements to contain identifying information concerning grantors. In the case of individuals, the Act provides for a unique identification number derived from approved biometric-based identification, together with other personal information.

The statutory requirement reflects the importance of accurate identification within a registration-based priority system. At the same time, contemporary Nigerian law includes the Nigeria Data Protection Act 2023 (NDPA), which establishes the current statutory framework for the processing and protection of personal data.[39] The Nigeria Data Protection Commission publishes the Act as the principal national data-protection legislation.[40]

The relevance of the NDPA to the STMA should be stated carefully. The existence of the NDPA does not, without more, invalidate the NCR or prevent the statutory collection of information required by the STMA.[41] Rather, the processing of personal information through the secured-transactions infrastructure must be considered within the broader Nigerian data-protection framework.

The legal challenge is therefore one of harmonisation rather than displacement. The secured-transactions regime requires sufficient publicity to protect creditors and third parties. Excessive confidentiality could undermine the very priority system created by the STMA. Conversely, unrestricted disclosure of personal information could create risks inconsistent with modern data-protection principles.

The appropriate legal balance requires:

- collection of information authorised or required by law;
- limitation of access to what is legitimately necessary;
- appropriate security of registry information;
- clear institutional responsibility for data handling; and

[39] Nigeria Data Protection Act 2023 (Nigeria).
[40] NIGERIA DATA PROTECTION COMM'N, *Resources*.
[41] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3, s. 14.

- compatibility between registry operations and applicable data-protection requirements.

This consideration reinforces the broader argument of this article: legal certainty is not achieved by looking at one statute in isolation. The STMA must operate coherently alongside other applicable Nigerian legislation.

L. Critical doctrinal assessment

The foregoing analysis demonstrates that the STMA contains many of the elements ordinarily required for a functional secured-transactions framework.

It provides rules for:

- creation of security interests;
- after-acquired assets;
- proceeds;
- perfection;
- registration;
- search;
- priority;
- purchase-money interests;
- competing claimants;
- creditor and grantor rights;
- repossession;
- sale;
- distribution of proceeds;
- redemption;
- reinstatement;
- dispute resolution;
- applicable law;
- jurisdiction; and
- registry governance.

It would therefore be inaccurate to characterise the Nigerian framework simply as one of legal absence. The more appropriate criticism concerns coherence and implementation.

The analysis by Igbinosun is important because it identifies the absence of a fully harmonised framework as a continuing problem, particularly in relation to the interaction between the STMA and company charges.[42] Esangbedo raises a related institutional question concerning the role of the CBN in administering the reform.[43]

More recent scholarship has continued to identify procedural and enforcement questions. The analysis by Odekunte, for example, identifies uncertainties concerning dispute-resolution mechanisms and enforcement of security interests and proposes stronger judicial oversight.[44]

These criticisms should nevertheless be evaluated carefully. A statutory framework containing several specialised rules will necessarily involve interpretative questions. The presence of such questions does not demonstrate that the statute is fundamentally defective. The more persuasive conclusion is that the STMA provides a substantial statutory foundation whose effectiveness depends upon institutional coordination and consistent application.

The 2020 report supports this interpretation. It records that the reform infrastructure had already generated substantial registration and lending activity, but simultaneously emphasised the need to strengthen judicial understanding, law-enforcement capacity, stakeholder awareness and registry integration.[45]

This combination of evidence is significant. It suggests that the legal system had moved beyond the stage of creating a statutory framework and was confronting the more difficult question of institutionalising the framework in everyday commercial practice. The report observed that the journey was "just beginning" should therefore be understood as an implementation assessment rather than a finding that the legislation lacked legal content. The central doctrinal conclusion is consequently that legal certainty under the STMA is multidimensional.

First, there is normative certainty: the parties must be able to identify the applicable legal rule.

Secondly, there is registration certainty: the parties must be able to determine whether competing interests have been registered.

Thirdly, there is priority certainty: the parties must be able to predict the ranking of competing claims.

Fourthly, there is procedural certainty: parties must know how disputes and enforcement actions are initiated and resolved.

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[42] Igbinosun, *supra* note 2.
[43] Esangbedo, *supra* note 5.
[44] I. Odekunle, *Drawbacks and Limitations of the Secured Transactions in Movable Assets Act 2017*, 6(3) INT'L REV. OF L. & JURISPRUDENCE 16 (2024).
[45] Report of the 2020 E-Workshop, *supra* note 4.

Fifthly, there is institutional certainty: the institutions responsible for registration, adjudication and enforcement must act consistently with the statutory framework.

The STMA performs relatively strongly in the first three dimensions but faces greater implementation sensitivity in the latter two.

M. Institutional and legal recommendations

The recommendations arising from this doctrinal assessment should be directed to the institutions capable of addressing the specific sources of uncertainty.

i. Central Bank of Nigeria

The CBN should continue strengthening the NCR as a legally reliable publicity mechanism. The emphasis should be on accuracy, accessibility, interoperability and procedural transparency[46], rather than simply increasing registration volumes. The CBN should also ensure that rules and guidelines issued under the STMA remain consistent with the statutory framework and do not inadvertently create additional uncertainty concerning perfection or priority.

ii. National Collateral Registry

The NCR should strengthen interoperability with other relevant registration systems. The statutory requirement for automated interfaces with public registries provides an existing legal basis for this direction. The objective should be to enable a reasonably diligent creditor to conduct effective searches without uncertainty concerning which registry contains legally relevant information. The recommendation by the 2020 report to integrate the NCR with other public registries and credit bureaux provides contemporaneous support for this direction.

iii. Judiciary

Judicial institutions should institutionalise continuing specialist education in secured transactions. This is not merely a training recommendation. Judicial interpretation determines how statutory concepts such as commercial reasonableness, adequate description, default, enforcement and priority operate in contested cases. The 2020 report specifically emphasised the need for courts to understand credit-transaction principles and for the judiciary to be strengthened.[47]

iv. Judicial rule-making institutions

Appropriate judicial authorities should develop procedural guidance where necessary to clarify the relationship between statutory mediation, arbitration-related requirements, judicial

[46] CENT. BANK OF NIGERIA, *supra* note 1.
[47] Report of the 2020 E-Workshop, *supra* note 4.

proceedings and enforcement remedies. The recommendation by the 2020 report for a Practice Direction aimed at faster resolution of disputes demonstrates that this concern predates current discussions concerning the dispute-resolution mechanism.

v. Law-enforcement agencies

Law-enforcement personnel involved in repossession should receive appropriate guidance concerning the limited statutory role contemplated by the STMA.[48] The objective should be to preserve peaceable enforcement while preventing private commercial disputes from being transformed into inappropriate coercive processes.

vi. Legislative and regulatory authorities

The legislature and relevant regulatory institutions should examine areas of overlap between the STMA and other registration regimes, particularly company charges. The objective should be harmonisation rather than unnecessary legislative proliferation. Where the existing statutory framework is capable of achieving the policy objective, administrative and procedural clarification may be preferable to repeatedly creating new legislation.

vii. Data-protection institutions

The institutions responsible for data protection and the operation of the NCR should ensure that registry publicity is appropriately balanced against lawful protection of personal information under the NDPA 2023.[49] The guiding principle should be that publicity of security interests and data protection are complementary objectives when properly designed, rather than inherently contradictory ones.

V. Conclusion

The STMA 2017 represents a substantial transformation of the legal framework of Nigeria for movable-asset security. It establishes a statutory mechanism through which security interests may be created over movable assets, perfected through registration, prioritised against competing claims and enforced following default. The legislation therefore addresses the principal stages of the secured transaction. Its legal architecture is particularly significant because it separates the security interest of the creditor from physical possession of the collateral. This allows productive assets to remain available to borrowers while providing creditors with legally recognised rights.

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[48] Secured Transactions in Movable Assets Act 2017 (Nigeria), *supra* note 3.
[49] Nigeria Data Protection Comm'n, *supra* note 40.

The NCR is central to this architecture. Registration provides publicity and supports the statutory priority rule. The first-registration of Section 23 approach gives creditors a relatively objective mechanism through which competing interests can be ranked. The enforcement provisions likewise provide a structured process involving notice, repossession, disposal, distribution of proceeds, redemption and reinstatement. The statutory framework therefore cannot fairly be described as lacking enforcement mechanisms.

The principal legal-certainty challenges arise elsewhere.

First, the STMA operates alongside other legal regimes, including company-charge registration. Scholarly analysis has identified this relationship as a significant source of potential fragmentation.

Secondly, the value of registration-based priority depends upon accurate and interoperable registration systems. The Act itself anticipates automated interfaces with other public registries, while the 2020 report identified integration as an important reform priority.

Thirdly, enforcement depends upon institutional capacity. The emphasis of the 2020 report on judicial competence, law-enforcement support and speedy commercial justice demonstrates that the practical effectiveness of the framework was recognised as an institutional issue from an early stage.

Fourthly, dispute resolution requires continuing procedural development. The STMA establishes a Mediation and Dispute Resolution Panel, and the 2026 initiative of the CBN concerning draft guidelines for the Panel demonstrates the continuing evolution of the procedural infrastructure.

The central conclusion is therefore neither that the STMA has failed nor that the existence of the Act automatically guarantees legal certainty. Rather, the STMA provides a substantial legal foundation for certainty, but the certainty produced by the statute is conditional upon coherent institutional implementation.

For a secured creditor, the relevant question is ultimately practical: can the creditor determine whether an interest exists, establish its priority, enforce it upon default and realise the collateral within a predictable legal process? For the borrower, the corresponding question is whether the system provides meaningful protection against inaccurate registration, arbitrary repossession, commercially unreasonable disposal and unjustified continuation of encumbrances.

A mature secured-transactions regime must answer both questions. The next stage of reform in Nigeria should therefore focus less on the simple expansion of statutory coverage and more on

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harmonisation, interoperability, judicial specialisation, procedural clarity and institutional accountability. The objective should be a system in which the legal rights created by the STMA are not merely formally available but are sufficiently predictable to influence lending behaviour, reduce uncertainty and support responsible credit transactions.

The ultimate measure of legal certainty is consequently not the volume of legislation, registrations or institutional activity. It is the degree to which parties can confidently predict the legal consequences of their transactions and rely upon the legal system to enforce those consequences when disputes arise.

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