INTERPRETATION OF THE NATIONAL INSTITUTE OF CREDIT ADMINISTRATION (ESTABLISHMENT) ACT NO. 26 OF 2022: A STATUTORY FRAMEWORK FOR NIGERIA'S CREDIT ECONOMY

Introduction: The Legislative Philosophy

The enactment of the National Institute of Credit Administration Act No. 26 of 2022 by the National Assembly of the Federal Republic of Nigeria represents a paradigm shift in the country's economic development architecture. For the first time since independence, credit management has been statutorily recognized not as a mere banking function, but as a distinct, regulated profession whose discipline determines the health of the entire economy. The Act does three things simultaneously: it creates a body corporate, it professionalizes a practice, and it criminalizes incompetence. To understand the Act, one must read it as an economic law, a professional law, and a public protection law.

Part I: Establishment and the Nationalization of Credit Management Expertise

Section 1 establishes the National Institute of Credit Administration as a body corporate with perpetual succession. The nine objectives listed in Section 1(2) reveal legislative intent. Parliament did not create a trade association. It created a "national body of expertise for matters relating to credit management" [Sec 1(2)(a)]. The distinction is crucial. A trade association advances members' interests. A national body of expertise advances the nation's interest.

The objectives move from standard-setting [Sec 1(2)(b)], to ethics [Sec 1(2)(e), 1(2)(i)], to public policy advisory [Sec 1(2)(f)], to education [Sec 1(2)(g), 1(2)(h)]. Read together, they establish NICA as the Fourth Estate of the credit economy management and professional system: after the CBN as regulator, NDIC as insurer, and banks as operators, NICA is the conscience and competence of the economic-wide credit system.

Section 2 formalizes the credit management profession by creating seven grades of membership from Student to Fellow, with statutory post-nominals FICA, MICA, and AICA. This mirrors the legal and medical professions. By defining entry requirements of age, experience, and examination, the Act removes credit management from "anyone with a calculator" and places it in the hands of persons deemed by Council to be "fit and proper" [Sec 2(3)(a)(iii)]. Membership is by "direct entry, admission and examination only" [Sec 2(2)]. There is no honorary back door. This is the legislature's response to decades of NPLs caused by unqualified "credit officers."

Section 3 is the jurisdictional clause: "The Institute shall control and supervise the profession of credit administration management in Nigeria." No other body has this power. Not CBN, not CIBN, not FITC. By law, NICA is the apex authority on how credit should be appraised, granted, monitored, and recovered.

Section 4 operationalizes that control. The Institute determines "standards of knowledge and skills" [Sec 4(1)(a)], maintains the register [Sec 4(1)(b)], enforces ethics [Sec 4(1)(c)], and conducts examinations [Sec 4(1)(e)]. Critically, Section 4(2)(a) makes NICA the "supervisory authority for this Act" with power to "register and regulate credit management professional practice activities." This means every credit granting or advancing institution, fast moving goods manufacturing company running distributor schemes, conglomerate with vendor finance, and blue-chip company with staff loans falls under NICA's supervisory purview. The Act does not limit NICA to banks. Credit is economy-wide, so NICA's mandate is economy-wide.

Part II & IV: Governance and the Machinery of Professionalism

Sections 5-6 establish a Governing Council led by a President and Vice-President who must be Fellows, with representation from the Federal Ministry of Industry, Trade and Investment [Sec 6(2)(g)]. This anchors the Institute in public policy while preserving professional autonomy. The Council manages the Fund under Section 7, sourced from fees and subscriptions, and is accountable to members at AGM. This structure ensures NICA cannot be captured by government or by any single credit granting institution. It is a self-funding, self-regulating professional body.

Sections 9-13 create the professional infrastructure. The Registrar, who must have minimum of 10 years with the Institute [Sec 9(1)], keeps seven parts of the register [Sec 10(2)]. Section 13 sets the entry bar: pass qualifying exams and practical training [Sec 13(1)(a)] or hold accepted qualification plus experience [Sec 13(1)(b)], and be of "good character" with no fraud conviction [Sec 13(2)]. Sections 14-15 allow NICA to approve and accredit institutions and inspect training, ensuring that credit education in Nigeria is industry-driven and not merely academic.

The combined effect of Parts I, II, and IV is the creation of a chartered profession with the same legal anatomy as Law, Accounting, or Engineering: statutory establishment, defined membership, controlled entry, supervised training, and a public register.

Part VI & VII: The Enforcement Architecture – Discipline and Deterrence

A profession without sanctions is a suggestion. The Act provides two layers of enforcement.

First, Section 18 establishes an Investigating Panel and Disciplinary Tribunal. Section 19 empowers the Tribunal to reprimand or strike off any member guilty of "infamous conduct in any professional respect" [Sec 19(1)(a)], criminal conviction [Sec 19(1)(b)], or fraudulent registration [Sec 19(1)(c)]. With a right of appeal to the Federal High Court [Sec 19(7)], this satisfies fair hearing. The Tribunal can impose career-ending bans [Sec 19(10)]. This gives NICA power to cleanse the profession from within.

Second, Section 25 provides external criminal deterrence. Section 25(2) makes it an offence for any non-member to "practice or hold himself out to practice as a member of the Institute, for or in expectation of reward." Section 21(1) defines "practice" broadly: engaging in the profession, holding out to the public, or rendering service relating to the profession. Therefore, approving a loan, selling by using credit terms, building a scorecard, or managing a consumer/MSME credit portfolio for salary is "practice." Section 25(5) imposes fines up to N145,000 or two years imprisonment. Section 25(6) extends liability to directors and managers of body corporates where the offence is by consent, connivance, or neglect.

The legislative logic is unassailable: Section 19 keeps members honest. Section 25 keeps non-members out. Between them, the Act ensures that every person touching credit in Nigeria is either a licensed, ethical professional or a criminal.

The Economic Jurisprudence: Why Parliament Did This

Nigeria's credit-to-GDP ratio is 13.2% against a global average of 150%. AMCON carries ₦4.6 trillion in toxic assets. Previous recapitalisations failed because capital was supplied without competence. The Act is Parliament's diagnosis: the problem is not money, but men. By chartering NICA, the National Assembly has decreed that credit is "the blood, the life wire of an economy in which every citizen is right in the centre, enabling wealth creation, job generation, improved living standards, and contributing to the national gross domestic product." If blood is to flow, only licensed surgeons may handle it.

Conclusion: The Act as National Economic Infrastructure

The NICA Act No. 26 of 2022 should not be read as a law for credit managers. It is a law for the economy. Part I creates the institution. Part II-IV create the profession. Part VI-VII create the enforcement. Taken together, they convert Nigeria from a cash-based to a credit-based economy by first converting credit from an unregulated activity to a chartered profession.

For credit granting/advancing institutions, FMCGs, conglomerates, and blue-chip companies, compliance is not optional. Section 3 subjects you to NICA's control. Section 25(2) criminalizes your unlicensed staff. Section 25(6) criminalizes your directors if they neglect compliance. For the citizen, the Act is protection: it ensures that the person deciding your loan, scoring your MSME, or recovering your debt is trained, tested, ethical, and removable if corrupt.

The Act's ultimate interpretation is therefore simple: Nigeria has decided that credit discipline is too important to be left to amateurs. NICA is the discipline. Membership is the license. Practice without it is illegal. The credit economy now has a constitution, and this Act is it.