



ADVOCACY BRIEF



...promoting global best practices in the mortgage banking sector

MORTGAGE BANKING ASSOCIATION OF NIGERIA

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PRIMARY MORTGAGE INSTITUTIONS (PMIs) IN NIGERIA



PMIs are involved in the originating and servicing of Mortgage loans; the enabling Act (Mortgage Institutions Act 1989) gives it authority to mobilize savings for the development of the Housing Sector. In Nigeria, the scope of Mortgage Banking Business, as provided in the Central Bank of Nigeria (CBN) Guidelines (2003) includes:



- Granting of loans or advances to any person for the building, improvement or extension of a dwelling/commercial house
- Granting loans and advances to any person for the purchase or construction of a dwelling/commercial house
- Acceptance of savings and term deposits from the public and payment of interest thereon
- Management of Pension Funds Schemes
- Offering of technical advisory services for the purchase or construction of a dwelling house
- Performing Estate Management duties
- Offering of project consultancy services for estate development
- Engaging in estate development through loan syndication, subject to the restriction imposed by the shareholders' funds unimpaired by losses
- Engaging in property trading including land acquisition and disposal
- Engaging in other activities, which the Bank may approve from time to time



REGULATORY FRAMEWORK FOR THE SECTOR



The activities of PMIs are supervised, in varying measures, by the Federal Ministry of Finance (FMF), Central Bank of Nigeria (CBN), the Federal Mortgage Bank of Nigeria (FMBN), the Nigerian Deposit Insurance Corporation (NDIC), the Securities & Exchange Commission (SEC) and other bodies whose activities relate to Finance and Housing generally.


















































There are guiding and regulatory Laws emanating from these bodies including the CBN Guidelines for PMIs (2003) and other Federal Acts. These Acts include, but are not limited to,



- The Federal Mortgage Bank of Nigeria Act 1993
- The Insurance Act 2002
- The Investment and Securities Act 1999



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- The Mortgage Institutions Act 1989
 - The National Housing Fund Act 1992
 - The Nigeria Social Insurance Trust Act 1993
 - The Trustee Investments Act 1962
 - The Land Use Act 1978

WHY ADVOCACY?

PMIs are in business for three major reasons.

1. Profit making/Niche Carving
2. Ensure affordable housing to all Nigerians
3. Remain a Going Concern.

However, where the enabling environmentⁱ is not conducive to achieving these goals, the reverse is achieved. For increased and sustainable economic growth of any nation, there has to be constant, positive interaction between business development and social development. Therefore, (business) advocacy, by PMIs, is necessary to ensure that constraints against doing good business and achieving affordable housing for all Nigerians are minimized and/or removed.


Regulatory framework guiding mortgage business in Nigeria needs reform and such reforms are possible when all stakeholders are willing to hear one another out. PMIs, through MBAN, can engage in constant dialogue with relevant regulatory authorities and other stakeholders to ensure improved business environment for the sector.

RATIONALE FOR MBAN ADVOCACY






- Ensuring Member-PMIs are consulted and inputs considered before any policy relating to the industry is enacted and/or enforced.
- Speaking up, on behalf of Member-PMIs, for the repeal of an existing regulation that inhibits growth of the Sector
- Develop and promote proposals for enactment of new regulations related to the Sector
- Speaking up, on behalf of Member-PMIs, for the enforcement of existing regulations related to the Sector
- Influence change in Knowledge, Attitude, Practice and Behaviour within and towards the Sector.









THE ADVOCACY PROCESS ADOPTED




Advocacy is the act of influencing, or attempting to influence the way someone else thinks about or acts on an issue. MBAN advocacy is directed at influencing the development and implementation of public policies, and public perception in an effort to improve the business environment. The process to be adopted therefore includes:














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- Issues Identification
 - Research
 - Formulating Position
 - Influencing Change
 - Follow up
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ISSUES IDENTIFICATION














The issue is often perceived as the problem, hindrance or obstacles that PMIs are facing per time. It is the gap between the desired and the current situations. MBAN proposes to identify issues that are important to Members, (and businesses in the Sector who are not members), understand the scale and impact (or potential impact) of the issue, and assess the chance of Government and/or relevant Bodies to adopt proposed change. MBAN will identify these issues by soliciting for information from Members at meetings, solicitation by email, dissemination through newsletters and carrying out industry surveys. Issues may include, but are not limited to, regulatory requirements like multiple taxation, tedious processing format, and even discriminatory attitude towards ‘the industry’ by government and non-governmental institutions.




RESEARCH



In order to present a convincing case for change to policy makers or other advocacy targets, we need to have a thorough understanding of the issue. No matter, how good a proposal for change in public policy is, it needs to be supported by sound evidence. Therefore, research needs to be carried out to understand the impact and the implications of the issue and also the benefits of adopting the proposal put forward by MBAN. In the structure of the Research, we must be able to define the problem clearly by asking ‘What is the Problem?’ It is important to think through this question because many times the initial issue pin-pointed may not be the major problem. Quite often, it is not the policy imperative that is the problem, but the way legislation has been framed in order to address that imperative.





The Steps in the Research Process would include, but not limited to:

- ❖ Determining the Issue (framed in question format) to be researched
- ❖ Determine what information, in quantity or quality form, is required to answer the questions
- ❖ What tools are most suitable to gather the information needed and analyse them
- ❖ Design (and test) the research tools.
- ❖ Carry out research in order to obtain the required information
- ❖ Analyse the information obtained carefully and completely
- ❖ Write a clear, compelling, and convincing report. Knowledge, Attitude and Practices (KAP) has to be represented in the report. We may use images, graphs for our representations.
- ❖ Use the Research to inform, persuade and influence our target audience.

FORMULATING POSITION

Our ability to clearly write out a convincing research report is a good place to start developing response to policy makers. MBAN's position on an advocacy issue may be stated in the form of a Memorandum or a Proposal. It would be indicative of the consensus of all members, on particular issues per time, on the way forward for ensuring industry growth.

The Proposal would have, as standard content:

- ❖ The Problem Statement
- ❖ The implication of the problem to Member-Institutions and the economy generally (backed with relevant facts obtained from research)
- ❖ The options to resolve the problem and the implications for each of the options
- ❖ The preferred option (as proposed by MBAN)
- ❖ The proposal as to how our advocacy target should carry out our proposed option
- ❖ The expected result (immediate benefit) of taking the proposed action
- ❖ The expected impact (to government, private sector, general public)

INFLUENCING CHANGE

Influencing tools to be utilized would include, but not limited to Dialogue, Petition, Negotiation, Media Campaign, Mobilization, Sensitization, and Debate. *Dialogue, using our position paper, would be the major approach by MBAN.* Further,









MBAN would network, build alliances around the issues, and mobilize grassroots support. The Media would be effectively used to educate the public and disseminate our position papers.

MBAN notes that Local Economic Development is a partnership between private companies and government and therefore, our advocacy communication for change in public policy would seek to be responsible and progressive.

 ***FOLLOW UP/MONITORING***


Documentation is very important in the Advocacy Process. Oral and written agreements for change obtained during dialogue with policy makers and/or other advocacy targets would be noted and efforts made to hold decision makers accountable.

Some of the steps in our follow up actions would include:

-  ❖ Obtain contact details of relevant officers that could provide information on the progress of decision making on the issue
-  ❖ Consistently persuade or lobby decision makers to make the required change
-  ❖ Constantly communicate with decision makers for progress report
-  ❖ Communicate progress report to MBAN members from time to time
-  ❖ Acknowledgement and appreciation of decision makers when change is effected
-  ❖ Carry out impact assessment of the change and disseminate findings periodically.

 **CONCLUSION**

Having prepared evidence-based proposals and persuaded decision makers to do things differently, MBAN will follow through with persistence and tenacity until change comes to the Sector.

 ⁱ The enabling environment refers to rules, regulations, statutory requirements on the operations of business, registration and licensing, location and sitting of business, taxation, labour, health and safety issues affecting business, infrastructure, social amenities etc.

