

THE ASSETS MANAGEMENT CORPORATION OF NIGERIA ACT 2010 AND ITS EFFECTS ON SECURED CREDIT TRANSACTIONS IN NIGERIA: AN APPRAISAL

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ABSTRACT

The magnitude of financial fraud perpetuated by financial institutions in Nigeria and the urgent needs to prevent imminent collapse of Nigerian banks with attendant job loss propelled the Nigerian National Assembly to enact the Asset Management Corporation Act 2010 (AMCON Act) and to establish the Asset Management Corporation of Nigeria (the AMCON). The paper assesses the rescue intervention through the Asset Management Corporation of Nigeria on the financial crisis in the banks and its effects on secured credit transactions in Nigeria. In doing this, the Paper employs as a method, analytical exposition of the Act juxtaposing its provisions with extant laws governing interest in land such as the Land Use Act. The Paper finds that in carrying out its functions, the AMCON brazenly jettisoned the age long principles of privity of contract by dabbling into loan contracts it was non-party and alters preexisting contracts between banks and their borrowers/customers. The Paper notes that this had subjected borrowers to unforeseen hardship, ridicule and public opprobrium culminating in monumental assets forfeiture and sale to AMCON - a third party unknown to the customers at time of contracting for the loans. The Paper reasons that the operation of AMCON is too harsh on secured creditors and has impacted negatively on the economy. The Paper calls for a legislative rethink in making the AMCON Act comply with international best practices and using the Act as a legislative tool for national development.

*Keywords:* Rescue Intervention, Secured Credit, Corporate Finance law

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