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OBTAINING CREDIT IN CAMEROON : Problems and Prospects

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NKAFU POLICY *institute*

The Denis & Lenora Foretia Foundation was established to catalyze Africa's economic transformation by focusing on social entrepreneurship, science and technology, innovation, public health, and progressive policies that create and increase economic opportunities for all.

The Nkafu Policy Institute is a Think-Tank at the Denis & Lenora Foretia Foundation which focuses on using independent analysis to inform public debates on social problems. Its mission is to advance public policies that help all Africans to prosper in free, fair, and democratic economies. The Institute has distinguished itself as a leading research center in Cameroon, engaged in promoting open debate that builds consensus towards a democratic future.

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Foreword

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Obtaining credit is the availability, ease, and possibility of an entrepreneur to secure financing for a business. Not only has the level of credit emerged as a focal point for both domestic and foreign investors, it equally determines the levels of investment in an economy, and credibly illustrates the business friendliness of an economy.

In Cameroon, commercial banks provide the majority of the credit for businesses. Commercial banks are the major financial institutions that deal directly with business owners and new investors. Like in most emerging and developing economies, access to finance in Cameroon is a major challenge to entrepreneurship and economic development. A major reason explaining the persistence of this situation is the remarkable information asymmetry existing between lenders and borrowers as credit bureaus play a limited role regarding the flow of information. Consequently, the process of obtaining credit is relatively difficult and time-consuming. It generally involves a lot of bureaucracy, which and conditions to fulfill thereby encourages corruption. The process, procedure, and requirements also differ among financial institutions and equally depend on the type of credit required. Based on this background, this report seeks to answer the questions:

a. What procedures are involved in obtaining credit in Cameroon for locals and nationals?

b. What are the ease of these procedures?

c. How do these impact the business atmosphere in the country?

This thematic report is comprised of four chapters including policy recommendations. The first chapter looks at previous performance in the "getting credit" indicator from 2007-2020. It analyses Cameroon rank in the period 2007-2020 in section one and suggests ways of improving future ranking in section two. Chapter two focuses on statistics pertaining to the conditions for obtaining credit in Cameroon by carrying out a critical analysis of the legal framework of accessing credit in Cameroon in the first section. It equally delves into the multiplicity of conditions, procedures, and required documents to fulfill prior to obtaining credit in section two. Chapter three focuses on obtaining credit in Cameroon for foreigners with an emphasis on the procedures and requirements for foreigners in getting credit, the lack of credit bureaus, and the lengthy procedures. Chapter three concludes with policy options for attracting more investors in Cameroon. Finally, chapter four analyses the aspect of gender equality in relation to obtaining credit. It emphasizes the difficulties encountered by women in obtaining credit facilities in Cameroon in line with legal barriers, lack of guarantee, and discrimination. This chapter concludes with policy recommendations on how to ease access to credit for women in Cameroon.

In the final analysis, it emerges that obtaining credit in Cameroon is still cumbersome with lengthy bureaucratic procedures and an unnecessarily long period of time. This has been the root of corruption in the process of obtaining credit for investors with little time. It negatively impacts the business climate of the country and discourages investment. An important finding related to the analysis of gender issues in this report is that even though the legislative framework does not establish a difference in treatment between men and women in their access to credit, one notes that women have less economic power because fewer women than men are involved in the formal sector. Lack of guarantees or collaterals to secure credit in financial institutions equally impedes inclusion. The analysis in this report also brings to light the fact that there exist very little differences in the process of getting credit for foreigners.

The Denis & Lenora Foretia Foundation promotes economic policies that are evidenced-based. The analysis and findings in this report certainly have important policy implications for all key policy stakeholders concerned with the ease of getting credit in Cameroon in the private and public sectors.

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The data in this report were collected from sixteen (16) financial institutions based in Yaoundé, Cameroon. These institutions comprise ten commercial banks and six micro-finance institutions. We would like to thank all those anonymous people who were kind enough to provide us with the information for this report in the following institutions: Afriland First Bank; BGFI Bank Cameroon; Cameroon International Bank for Savings and Credit (BICEC); Commercial Bank of Cameroon (CBC); Crédit Communautaire d'Afrique Bank (CCA Bank); Ecobank; National Financial Credit (NFC) Bank; SCB Cameroon; Société Générale Cameroun; Union Bank of Africa (UBA Cameroon); First Trust S.A. Savings and Loans; Aghem Cooperative Credit Union Limited; Awing Central Cooperative Credit Union Limited; Vision Finance S.A.; La Régionale d'Epargne et de Crédit ; and RENAPROV Finance.

Specifically, we would like to thank Dr. Louis-Marie Kakdeu for leading the team which realized this work. The team comprised members of the Nkafu Policy Institute's Analysts, who specialize in economic policies. They are:

- Ulrich D'Pola Kamdem, Senior Economic Policy Analyst
- Egoh Modi Aziz, Development Policy Analyst.

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During this exercise, some financial institutions were reluctant or explicitly refused to give us direct attention as they preferred that we rather visit their websites where we got information. However, this was insufficient and paled in comparison to the information we would have gotten from their staff. Also, given the coronavirus pandemic, access to private offices of account managers and loan managers was difficult though we succeeded for some. Indeed, long queues could be noticed everywhere in public places due to the control of the number of people seeking public services, given the COVID-19 menace.

Introduction

The Nkafu Policy Institute is a Think-Tank comprising seasoned scholars and practitioners in various social and natural science domains, at the Denis & Lenora Foretia Foundation, which focuses on undertaking independent analysis to inform public debates on social problems. Its mission is to engage into reasoned non-violent advocacies in public policies that help all Africans to prosper in free, fair, and democratic economies. The Institute has distinguished itself as a leading research centre in Cameroon, totally and patriotically committed in promoting open debates that build consensus towards a democratic future in African societies.

Essentially, within this background, the Denis & Lenora Foretia Foundation, which houses the Institute, was established to catalyse Africa's economic transformation by focusing on social entrepreneurship, the overall economic performance, science and technology, innovation, public health, and progressive public policies, which systematically create and increase life-saving opportunities for all, and most importantly, the entrenchment of desirable human progress, prosperity and generalised happiness, irrespective of one's ethnic, religious, political or cultural affiliation.

List of Abbreviations and Acronyms

AU	African Union
BEAC	Banque des Etats de l'Afrique Centrale
BGFI	Banque Gabonaise et Française Internationale
BICEC	Cameroon International Bank for Savings and Credit
CBC	Commercial Bank of Cameroon
CCA Bank	Crédit Communautaire d'Afrique Bank
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale
CFA	Communauté Financière d'Afrique
COBAC	Commission Bancaire de l'Afrique Centrale
DBI	Doing Business Index
DSF	Déclaration Statistisque et Fiscale
GDP	Gross Domestic Product
GICAM	Groupement Inter-Patronal du Cameroun
IFC	International Finance Corporation
IMF	International Monetary Fund
NFC	National Financial Credit Bank
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires
SCB	Société Commerciale de Banque Cameroun
SGC	Société Générale Cameroun
SME	Small and Medium-sized Enterprises
UBA	United Bank for Africa
UMAC	Union Monétaire de l'Afrique Centrale
WB	World Bank

An Overview of the Report

In keeping with its mission, and in this report, entitled, "Obtaining Credit in Cameroon: Problems and Prospects" the Institute undertakes the third in a series of its six thematic reports dedicated to the Doing Business Index Project (DBIP). The report examines the business environment in Cameroon, specifically about how prospective investors could obtain credit from financial institutions in the country. It proposes useful suggestions to the Government of Cameroon (GOC) for improving its monetary and fiscal policies, especially, those which revolve around the micro- and macro-economic issues, and which are articulated in the financial sector of the national economy. The central purpose of this report is to offer informed knowledge in public policy-making, to public policy-maker in Cameroon, as the mandatory catalysts for improving or easing the Doing Business Concept in Cameroon's business, economic, social and political landscapes.

Hitherto, it had been observed in several quarters that, obtaining credit in Cameroon is compounded by several bureaucratic teething issues. These issues appear to emanate from policies inadequacies, which create the difficulties encountered by potential investors at various levels in the course of their quest to obtain credit to finance their intended economic ventures. These difficulties include but are not limited to:

1. **Information Asymmetry:** Cameroon's records in the "obtaining credit indicator" show extensively low level performance. This is due to weak credit reporting systems and the poor implementation of effective collateral and bankruptcy laws that help to facilitate the process of lending. The latitude and openness of credit information disseminated by credit agencies compared with the number of individuals and firms registered in the credit registry as a percentage of the adult population are asymmetric. Despite the presence of collateral and bankruptcy laws meant to facilitate lending in Cameroon, it does not still lead to timeous credit delivery. Therefore, there is a need to improve the information credit bureau in terms of openness and rationality in information dissemination. This can be done by producing reliable accounting documents that can help to reduce asymmetric information between banks and clients.

2. **Conditions for Obtaining Credit:** There exist several conditions to be met by potential credit seekers in Cameroon. These conditions do not only vary from one credit institution to another, but they also contrast from one form of loan to another; and this renders getting credit extremely paradoxical. On one hand, there exist close to twenty (20) licensed commercial banks and some micro-financial institutions with offices across the national territory. On the other hand, there is very limited access to credit, particularly for an average Cameroonian, all of which lead to a low average rate of investment and growth (less than 3%) over the past years. But why is there limited access to credit? Apparently, the main problem is the procedures and conditions required for obtaining credit which are too cumbersome to a spectrum of

ordinary citizens most of whom are employed in the informal sector. This is highly detrimental to investment and economic growth for an economy that envisages emergence by 2035. Part of the solution, therefore is to articulate appropriate monetary and fiscal policies measures, imbue transparency and equity, review and harmonise the conditions, documentations, cost, and procedures for obtaining loans in Cameroon.

3. **Accessing Credits by Foreign Investors in Cameroon:** Accessing credit facilities is a major challenge, especially in emerging and developing economies. In this direction, one impediment is the persistence of information unevenness between lenders and borrowers in terms of adverse selection and moral hazard. It is relatively complex for foreign investors to obtain concrete information on the conditions, procedures, duration, and required documents in getting credit from formal financial institutions in Cameroon. The range of financial institutions visited by data collectors in this study evoked similar conditions such as the fact that they only issue a credit to already existing companies and the credit amount is based on business turnover and profit. Therefore, for Cameroon to positively impact its position on the ease of getting credit and attract more foreign investors; there is need to create a Public Credit Bureau (PCB) which will operate effectively and provide banks and prospective credit seekers with validly adequate information.

4. **Women and Credit Facilities in Cameroon:** The challenges women face in accessing credit are even more numerous. Such challenges are not only related to the laws governing credit facilities, but also to the socio-economic milieu in which they function. This milieu reflects issues such as:

   - The lack of guarantees,
   - The legal and cultural barriers limiting access to land and property ownership,
   - The discriminatory regulations,
   - The scarcity of employment in the formal sector, and
   - The lack of financial products adapted to their needs.

Above all, the situation of women's access to credit depends on the general situation of financial inclusion in Cameroon and even within the CEMAC region. Women suffer more from unemployment, life and employment insecurity. Part of the solution is therefore, to improve their access to the labour market, and to encourage banks to develop products specific to women's needs, in particular by activating their civic responsibility. Above all, it is important to see women as equal and capable development partners in society.

1

Past Performance of Cameroon in the Getting Credit Indicator

The "Getting Credit Indicator" covers two aspects of access to finance:

- The strength of credit reporting systems, and
- The effectiveness of collateral and bankruptcy laws in facilitating lending.

Actually, the second describes how well collateral and bankruptcy laws facilitate lending while the first measures the scope and accessibility of credit bureaus and provide information on coverage. This section aims to summarise Cameroon's ranking in the Doing Business Index as regards Getting Credit Indicator between 2007 and 2020.

1.1. Analysis of Cameroon's Ranking from 2007 to 2020

Table one (1) below shows Cameroon's ranking through the afore-mentioned years taking into consideration all the factors included in the obtaining credit indicator, such as: Strength of legal rights index (0-12); Depth of credit information index (0-8); Credit registry coverage (% of adults); and Credit bureau coverage (% of adults). The strength of legal rights has to deal with rights of borrowers and lenders through collateral laws (0-10) and protection secured creditors' rights through bankruptcy laws (0-2). The depth of credit information index measures the scope and accessibility of credit information distributed by credit bureaus and the number of individuals and firms listed in the credit registry as a percentage of the adult population. Finally, the credit bureau coverage indicator measures the number of individuals and firms listed in the largest credit bureau as a percentage of adult the population.

Table 1: Ranking of Cameroon in the World Bank's Ease of Doing Business as regards the Getting Credit indicator (2007-2020)

Year	Rank	(Rise, drop, stagnation) Observations	Strength of legal rights index (0-12)	Depth of credit information coverage (0-8)	Credit registry coverage (% of adults)	Global Doing Business rank
2007	117		3	2	3.4	152
2008	115	↑	3	2	1.0	154
2009	131	↓	3	2	4.9	164
2010	135	↓	3	2	1.8	171
2011	138	↓	3	2	2.9	168
2012	98	↑	6	2	3.6	161
2013	104	↓	6	2	9.1	161
2014	109	↓	6	2	8.9	168
2015	116	↓	6	1	5.4	158
2016	126	↓	6	1	6.5	172
2017	133	↓	6	1	8.0	166
2018	**68**	↑	**6**	**6**	**8.0**	**163**
2019	**73**	↓	**6**	**6**	**11.1**	**166**
2020	**80**	↓	**6**	**6**	**40.1**	**167**

Source: Authors' Data from the Doing Business Index Reports, Country Profile-Cameroon 2007 to 2020.

Currently, (in 2020), Cameroon occupies the same rank as Ghana (80th) concerning getting credit indicator, as both countries scored 60.00 points on 100 scale. The same situation occurred in 2019; as the global perspective showed that, from 2007 to 2020, Cameroon has made some progress in the getting credit indicator as compared to other Sub-Saharan African countries. In fact, in 2007, Cameroon's 117th position was behind countries like Gabon's 101th or Mozambique's 87th positions. Currently, Cameroon has surpassed those countries which respectively rank 132th and 165th.

This is not surprising because during these years, some policy reforms were articulated and implemented by the Cameroonian Government to ease the getting credit procedures. For example, the regional public credit registry of the Central Bank of the Central African Monetary Union made information accessible online for banks. This online system simplified the work of banks in declaring and retrieving information from the public registry and allowed coverage of the population with a credit history to grow significantly in Cameroon, Republic of Congo, Chad, and Gabon.

In 2010 and 2011, no reforms were implemented and Cameroon's rank decreased in these two years apparently due to a financial crisis that did not allow the country to better focus on the procedures for doing business. But in 2012, recovering from the financial crisis, which actually started in 2008, access to credit in Cameroon was improved through amendments to the OHADA Uniform Act on Secured Transactions that broadened the range of assets that can be used as collateral (including future assets), extend the security interests to the proceeds of the original asset and introduced the possibility of out-of-court enforcement. In 2015, Cameroon improved its credit information system by implementing regulations that provide for the establishment and operation of a credit registry database.

Based on the ranking of Cameroon, spanning from 2010, the government decided to create a consultation assembly called 'Cameroon Business Forum' which brought together actors from both the private and pubic sectors to seek ways that will facilitate the conduct of business in Cameroon under the aegis of the Prime Minister and Head of Government. There is also a joint private-public body created by decree of the President of the Republic on December 31st 1997, with the following missions:

i. to identify obstacles to the competitiveness of the economy,
ii. to propose measures aimed at lowering costs and transactions and to increase the attractiveness of Cameroon for private investment, and
iii. to monitor the implementation of the decisions adopted and reforms undertaken, in the interest of the parties.

This public-private dialogue has in the past led to the implementation of measures to streamline tax procedures and reduce the time taken for several transactions. One of the reasons that may explain Cameroon's sluggish climb to higher level in the ranking regarding obtaining credit is the slowness in adopting and implementing such reforms. Specifically, during the second session of the Cameroon Business Forum in 2011, forty-six (46) reforms were published but very few have been adopted by the government to date.

Currently, many companies face difficulties in obtaining credit from local financial institutions in Cameroon. However, Government's authorities are thinking about new mechanisms to help financial institutions trusting in SMEs and local businesses, while financing their activities and promote economic growth[1] . In 2015, a newspaper Financier d'Afrique alluded to the fact that the obstacles to obtaining credit by prospective investors in Cameroon are many. According to the paper, these include:

i. high cost of guarantees required by banks,

ii. a lack of financial depth,

iii. a risk profile of banks that do not favour long-term finance necessary for the development of investments, and

iv. economic governance just to name a few. Extensive evidences from empirical studies show that only 20% of credit seekers actually obtain credit if they applied for it[2] .

1.2. Improving Cameroon's Future Ranking

Many solutions can be envisaged to improve Cameroon's ranking in the Getting Credit Indicator. First, producing reliable accounting documents will help to reduce asymmetric information between banks and clients. That means building a relationship between bank and entrepreneur based on confidence and reciprocity. The reciprocity implies that banks should be able to put at the disposal of the entrepreneur the needed documents or information relative to loan which also ease the task of the client. The bank could obtain more information on the borrower's behaviour and the latter will be encouraged to respect its commitments and reduce the risk of credit rationing.

There is a need for improvement in the judicial systems as regards the circulation of financial information. By creating credit bureaus and payment incidents bureaus and by consolidating practices of tax authorities, the atmosphere for free competition would be encouraged.

Cameroon could also be inspired by countries in the top 10 of the ''Getting Credit Indicator.'' For example, New-Zealand which occupies the first place, the government's Financial Markets Authority regulates the sector of financial advice with various levels of license that allow advisors to provide different categories of advice. Some organizations provide zero-interest or low-interest schemes, usually if the borrower meets certain eligibility criteria. The No Interest Loan Scheme provides no fee, no interest, and no charges to individuals and families on low incomes with access to safe, fair, and affordable credit. These loans are available for essential goods and services which may include household items, some medical services, and educational essentials such as computers and text-books. To qualify for this scheme, demanders shall be entitled to a Community Service Card, reside in the concerned premises for more than 3 months, and show willingness and capacity to repay[3] . This is just an example of how New-Zealand manages loans for individuals. However, if Cameroon wants to implement such a programme, the government will have to adapt it to the local context because the economic characteristics of Cameroon and New-Zealand are not the same in several respects.

1. Mireille KOUMETIO, «L'obtention du crédit bancaire par les PME au Cameroun», Afrique et Développement, Vol. XLI, p. 124, 2016.
2. Jean-Paul TCHAKAM, Jules Roger FEUDJO, Serge GANDJA, «determinants of financial structure: how to explain the paradox of insolvency and debt among SMEs in Cameroon?" Research in International Business and Finance, Vol.36, 2016
3. No Interest Loan Scheme (NILS) website.

2

Statistics on the Conditions to Obtain Credit in Cameroon

In Cameroon, the scenario for creating credit facilities shows a sharp contradiction. On one hand, there existed in 2018, 18 licensed commercial banks and 412 micro-financial institutions with operational branches across the national territory. On the other hand, there is very limited access to credit, particularly for an average Cameroonian; consequently, these factors lead to low investment average and with economic growth amounting to less than 3% over the past years. This contradiction make it difficult to appreciate the effectiveness of the process of obtaining credit in Cameroon - a country that aspires to attain emergence by 2035. Thus, the main interest of this section is to objectively and constructively look into the entire mechanism of credit creation in Cameroon in the perspective to boost economic activities to support inclusive and sustainable economic growth in the future.

2.1. A Critical Analysis of the Legal Framework of Getting Credit in Cameroon

Cameroon is a member of the Economic and Monetary Community of Central Africa (CEMAC) and thus, follows several laws first at the regional level as well as at the national levels that govern credit creation in the country. Here, the monetary and financial policies of CEMAC States are defined within the Central African Monetary Union (UMAC) which has two main institutions; Bank of Central African States (BEAC) and the Banking Commission for Central Africa (COBAC). BEAC legislates on monetary and financial policies while COBAC legislates on the banking policy of member states. Several laws emitted by these institutions and the government directly or indirectly influence the creation of credit in Cameroon. Portions of these laws have been stipulated as follows:

a. Ordinance no. 85/002 of 31st August 1985 of BEAC which was ratified by law No. 88/006 of July 1988 and law no. 10/019 of August 10th, 1990 relating to the establishment of credit institutions or loan houses in Cameroon[4] ;

b. Law no. 92/006 of August 14th, 1992 relating to cooperatives and common interest groups;

c. Decree no. 98/300/PM of 9th September 1998 fixing modalities of saving and credit which was modified to law no. 2018-022 of 11 Dec 2018 governing the regulation of loans in banks modified to Law N° 2019/021 of 24 December 2019 to lay down some rules governing credit activities in the banking and microfinance sectors in Cameroon[5]

d. The COBAC law of 1992[6] harmonizing banking regulations in the six-member states of BEAC.

These two institutions take legal measures to harmonize monetary policies and banking norms in Cameroon. For instance, according to COBAC legislations, banks' lending to one borrower must not exceed 45% of its funds and total loans to borrowers representing over 15% of the capital fund must not in aggregate exceed the total of net capital. These high figures in a nutshell simply reiterate the fact that credit lines in the country are available only to a few high nets worth individuals and still represent

4. BEAC: www.beac.int/
5. http://www.imf.org/external/np/rosc/cmr/banking.htm
6. COBAC: www.beac.int/int_cobac.html

high-risk positions for banks. The Bank of Central African States Monetary Policy Committee equally has the competence of establishing interest rates on loans which directly affects credit creation across member states. Today, the interest rate on loans in the CEMAC Zone stands at 3.25%[7].

From the above, we can see that monetary and banking policies that affect credit creation in Cameroon are well harmonized at the regional level. This would have been a positive factor of confidence, particularly with foreign economic operators and investors; but the issue here is the strict applicability and respect of these laws by credit institutions in Cameroon. According to a World Bank report, the close relationship between the Central Bank and COBAC (the regulatory agency) makes for a weakened enforcement capacity[8] . The Governor of BEAC presides over the board of COBAC as well as the vice governor of BEAC, which leaves the organization partially independent from BEAC.

This disconnection between the Central Bank which is the custodian of monetary/ fiscal policy and the regulator/supervisor of banks can only cause problems in the execution of these policies. The question of transparency in banking operations also comes in mind coupled with the fact that each financial institution has also set up it's specific internal policies to control getting credit. This then, becomes a problem that needs to be addressed by Cameroon policymakers. Nevertheless, the low rate of credit creation in Cameroon could equally be blamed on the numerous conditions, procedures, and requirements involved in obtaining credit.

2.2. A Multiplicity of Conditions, Procedures, and Required Documents to Fulfil To Obtain Credit in Cameroon

There exist several conditions to be fulfilled by prospective borrowers in Cameroon. These conditions do not only fluctuate from one financial institution to another, but they equally differ from one type of loan to another. In the context of this study, several institutions were visited to get first-hand information on obtaining credit (see the Methodology in Annex). Thus, it is important to Thus, in order to better understand the credit facilities variation amongst financial institutions in Cameroon, this study used a commercial bank and a microfinance institution. The cases are the Afriland First Bank and the Aghem Cooperative Credit Union.

The Afriland First Bank in Cameroon[9] :

The conditions that must be met to benefit from credit facility from this bank are:

i. The borrower's salary must be paid in a current account held by such a borrower in the bank;

ii. For employees of the public sector, at least 1 month of service, for employees of the private sector, at least 6 months of service (provide a working certificate, working contract and 3 last payslips);

iii. You must have been a client of the bank for at least one month before your

7. ibid
8. World Bank: web.worldbank.org
9. https://www.Afrilandfirstbank-loans.com

application. If you are employed in the private sector, you must have been a client for at least 3 months;

iv. If you are applying for an overdraft, join a confirmation to Malaika Insurance Policy Subscription;

v. If you are applying for a long, medium or short term loan, join a confirmation to an AID insurance policy subscription;

vi. For an investment loan, it is offered to start-up enterprises, enterprises that wish to diversify their products and services portfolio but also enterprises that wish to ameliorate their production equipment. It covers investments such as the purchase of new tools and equipment, shops, and many more. Therefore, one must have an established business before demanding for credit from this bank.

Required Documents to Obtain Credit at Afriland First Bank:

1. Application form highlighting the loan amount, its purpose and the sources of repayment,
2. Certificate of irrevocable transfer,
3. Certificate of work attendance,
4. Working Certificate, working contract, and 3 last paycheque
5. Insurance documents
6. Business plan for entrepreneurs
7. Photocopy of the national ID card;
8. Certificate of irrevocable transfer;
9. Attestation of effective presence (for civil servants) ;
10. Work attestation for private-sector employees.

The Aghem Cooperative Credit Union Limited[10] , *has the following conditions:*

a. A borrower must be a member for at least three months with frequent savings; in fulfilment of the Union's slogan: *"Save Regularly, Borrow Wisely and Refund Promptly"[11] .*

b. The amount in your savings account must be at least 30% of what you are requesting. For example, if someone is requesting for 500.000 Fcfa, he/she must have at least 150.000 Fcfa in his/her account. 30% is your savings is your first collateral.

c. If someone needs a huge amount of money as a loan, such a person goes in for big loans. Thus, he/she must have collateral such as a land title or house documents. Alternatively, he/she must present a surety, who must be a member of the credit union with savings in the Union of an amount of money equal or superior to the amount the intending borrower wants.

In addition, a list of required documents exists and each financial institution has its own kinds of required documents, which the intending borrower should furnish or fill. Given that these documents are many and are cumbersome to fill, the process has the tendency

10. Visit-11th June 2020
11. International Research Journal of Finance and Economics, Issue 77 (2011)

of discouraging most intending borrowers. A glaring examples can be taken from two financial institutions in the country, namely: (i) The Afriland First Bank, and (ii) The Aghem Cooperative Credit Union to better understand the complexity of these required documents by credit providing financial institutions in Cameroon.

Required Documents to Obtain Credit at Aghem Cooperative Credit Union

1. A business plan
2. A group accounts for the business with at least three signatories with each having their passport-sized photos and photocopy of their ID cards except it is an individual that is opening a business account.
3. The person needs to buy a loan form and apply for the needed amount (500.000 Fcfa for example)
4. Bring along a collateral equivalent to the amount needed or buy a surety form.

From the documents shown above, one can doubt if a self-employed persons can have access to credit from any formal financial institution in Cameroon. Therefore, there is a need to revise the number and kind of documents needed in obtaining credit either from commercial banks or micro-financial institutions. After providing the needed documents, what is supposed to be the procedure in the process of granting credit in Cameroon, is a complex exercise going by the character of required documents as shown above. This procedure equally entails some cost as we shall see in our case studies.

2.3. Complex Procedure and Cost in Obtaining Credit in Cameroon

The procedure for obtaining credit in Cameroon appears complex. Using the examples of the financial institutions as seen above, these procedures could be summarized as follows:

- **Afriland First Bank:** As regards Afriland first Bank, after the documents above are submitted, the personnel of the bank will go through the documents and do some investigations on the client to know if he/she is eligible for the credit before any other actions are taken. This is done by looking at the person's needs, to match the suitable financing solutions according to his/her activities. It should be noted that holders of salary accounts here have an advantage over others in obtaining loans. According to the information we got from the bank, the cost depends on the amount of money involved.

- **Aghem Cooperative Credit Union:** At the Aghem Cooperative Credit Union, after the documents have been submitted, the credit union will evaluate the business and the person involved if he/she is eligible for that loan or if his/her business can pay back the loan within 12 months. Smaller amounts can be given within two or three hours and if it is a huge sum of money, it becomes a board loan. Board meetings are held once a month and so, the board decides during the meeting. The credit can be given within one month depending on the application period. To apply for a loan, the maximum amount charged for the processing of documents is 3,500 Fcfa and then another form for the surety which is 1,000 Fcfa.

With the above conditions and procedures, the credit creation process is accompanied by time wastage, discouragement, corruption, amongst others. Therefore, credit creation in Cameroon is very slow as compared to countries like Nigeria and South Africa. Certainly, this situation slows investment and economic growth in the country. Adjustments need to be made to ease credit creation in a country engaged in promoting investments that will catalyse its economic growth and transform the society.

2.4. The Future of Credit Creation in Cameroon: Rethinking the Entire System.

In Cameroon, the banking sector seems to be making valuable contributions but very little to the growth of the economy especially in the doing business domain, (IMF, 2009)[12] . This is because the rates of credit granting services have been low. Looking at the above laws, conditions, required documentation and procedures, one could say that in Cameroon, the financial sector is very complex in its promotion of businesses[13] . It is worth mentioning here that even though interest rates in the CEMAC zone (3.25%)[14] are higher than that of most developed countries like England (about 0.1%), the CEMAC zone (Cameroon inclusive) has one of the lowest in Africa compared to countries like Rwanda (4.5%), Nigeria (6%) which shows an improvement in this part as compared to other African countries. Thus, what is the way forward to improve on the credit access in Cameroon?

Advancing Financial Transparency and Democracy in Cameroon

In Cameroon, high net worth individuals and corporate are privileged in the credit process. This state of affairs has left most Cameroonians without any contact with the formal financial system. Policymakers should enforce anti-corruption and transparency policies. This will reduce discriminatory loan granting practices and enable every willing Cameroonian to have access to credit. Most analysts see growth opportunities in offering financial services to the 'unbanked' and tapping the potential of the vast informal sector, which comprises approximately 45% of the economy[15].

Improving Mutual Trust and the Legal Environment for Obtaining Credit

One major obstacle in granting credit is the lack of trust between the financial institutions and the beneficiaries, orchestrated by unscrupulous financial practices in the country. Most banks demand insurmountable collaterals in order to obtain a loan. To avoid this, the government should improve on the identification of anti-financial crime policies. Although, it might be plausible pointing fingers at commercial banks for not facilitating easy access to credit to ordinary Cameroonians despite having enough liquidity on their balance sheets, the high number of non-performing loans and difficulties in recovering loans through the courts are major difficulties faced by banking institutions in the country[16] .

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12. International Monetary Fund (IMF), 2009, Cameroon: Financial System Stability Assessment—Update, IMF Country Report No. 09/51 February 2009
13. Kouassi, A, Akpapuna, J & Soededje, H. 2007. An overview of the banking sector in Cameroon.
14. COBAC: www.beac.int/int_cobac.html
15. https://www.globalfinancialdata.com/index_tabs.php?action=detailedinfo&id=9836&file_type
16. Gilbert Ameh Akon, A CRITICAL LOOK AT BANKING SECTOR REGULATIONS IN CAMEROON, 2019

Also, improving court procedures are of utmost importance. In a country like Cameroon, where corruption has infected the courts, judges also struggle with commercial issues of the law. Without training these judges or creating specialized commercial courts, these inefficient delinquent borrowers tend to hide from their debts.

Reviewing and Harmonising Conditions, Documentation and Procedures for Obtaining Loans in Cameroon

In Cameroon, financial institutions have unique internal policies and regulations. These include: the conditions, procedures, documentation and other requirements for obtaining a loan. As a way forward, it is important to harmonize these regulations, conditions, procedures, and requirements such that a unique system can prevail throughout the national territory. This is very important to enable foreign investors to have trust in the country's financial environment. Again, financial institutions should encourage business growth in Cameroon by doing proper investigations and simplifying the conditions because insurmountable conditions obviously discourage potential borrowers.

From the borrowers' side, there is a need to improve mechanisms of guarantee. As it stands, landowners are excluded from the financial system because ownership of their land is not recognized by the state. It is advisable to facilitate the obtaining of the land titles to the peasants in order to allow them to have the possibility of mortgaging part of their properties to have access to bank credit.

Improving Financial Literacy in the Country

Many Cameroonians are unable to get credit because of their ignorance in financial sector of the country. Even those who are have undergone training in various educational institutions and have bank accounts are still ignorant of their eligibility for credit, because the government has not provided mechanisms for widespread information on how to finance economic ventures through credit facilities in the country. Thus, there is urgent need to offer adequate financial education to create awareness on the importance and procedures to get credit in Cameroon. Here, the services of bankers and other finance specialists are needed to guide the public on financial matters. Nevertheless, basic financial education should be made mandatory in our educational system. This will enable even individuals in different fields to be able to master their basic financial transactions. Also, finance related information should be made available to the public through sensitizations, the press, and even the internet.

3

Obtaining Credit in Cameroon and Foreign Investors

Access to finance is a major challenge, especially perhaps not only in Cameroon but also in other developing economies. A key factor behind the persistence of this problem is the information asymmetry between lenders and borrowers that encourages adverse selection[17] and moral hazard[18] . Like in other African countries, Cameroon is yet to have its best ranking on getting credit index. It was ranked 80th out of 190 countries in the getting credit indices of the DBI report for 2020, with a getting credit score of 60.0/100, strength of legal rights index of 6/12, depth of credit information index of 6/8 and credit bureau coverage of 0.0%. Cameroon's economy would do better and attract more foreign investment if getting credit was easier than it is today. This section critically assesses the conditions for foreigners in getting credit in Cameroon.

3.1. The Procedures and Requirements for Foreign Investors to Obtain Credit in Cameroon

To obtain concrete information on the conditions, procedures, duration, and required documents for foreign investors in getting credit from formal financial institutions in Cameroon, we visited some financial institutions based in Yaoundé-Cameroon (See the Methodology in Annex). The visited financial institutions have major similarities in the conditions necessary for obtaining credit such as issuing credit only to already existing companies and the credit amount must be based on business turnover and the degree of profit margin.

However, there are also some differences and particularities in their requirements for offering credit, which mainly lie in the period required for a company to operate before it can get credit. It is however easier with National banks like National Financial Credit for example that issues credits to new companies if they have Guarantee Deposit Accounts as collateral and Afriland First Bank that issues credit within the first six months based on the business turnover rate and a business plan. Some other banks such as Ecobank for example does not issue credit to companies with less than two years of existence making it difficult for foreign investors that might require credit within one year of existence in the country.

Opening of business or company accounts is an obligatory step towards obtaining credit for both nationals and internationals. The opening process requires several company documents that range between 7-10 in number depending on the institution and most of which are administrative and tax documents of the company. The common major documents required by the institutions include:

a. A business registration certificate,
b. Taxpayers card issued by the state's department of taxation[19],
c. Attestation of localization plan of the company validated by tax authorities.
d. Identification of all signatories to the account State authorization document for businesses in particular sectors such as insurance

17. Situations where lenders have more information than borrowers have, or vice versa, although typically the more knowledgeable party is the creditor. Adverse selection occurs when asymmetric information is exploited.
18. When there is asymmetric information between two parties and a change in the behavior of one party occurs after an agreement between the two parties is reached.
19. In the 2020 finance law, the government passed an instruction requiring all account owners or signatories to accounts to obtain and own a tax payers number. This has become one of the conditions for opening new accounts which apply to both nationals and foreigners.

Additional requirements for foreigners include documents showing proof of their legal sources of funds, which might be a payslip, or ownership documents for a business and their identification documents which are a passport or driver's license and/or resident permit.

These institutions require an initial deposit from the company upon the creation of savings account which can permit companies to obtain credit. The initial deposit amount varies with the different institutions and with some; the status of the business also matters sole proprietor, private limited company, or public limited company. While some of these institutions take as much as 450,000FCFA for sole proprietor business and 950,000 FCFA for limited liability and corporate companies (National Financial Credit Bank), others accept a lesser initial deposit amount as the case with SCB Cameroun which takes a minimum deposit of 500,000 FCFA as the initial opening deposit. While national banks such as Afriland First Bank and National Financial Credit will take less than 24 hours to create company accounts (1 business day), foreign banks including Société Commerciale de Banque, and Ecobank practically take two business days.

The majority of institutions we visited do not finance start-up businesses no matter how good the project or business plan is. This is because they base their risk analysis for credit principally on the financial statements of companies. These include documents such as the Fiscal and Statistical Declaration DSF or Declaration Statistisque et Fiscale, which companies can only produce after at least a 1 year of existence. This document contains all financial accounts which for Anglo-Saxon companies include the statement showing gross revenue, income statement, the profit and loss statement, the cash flow statement, and the balance sheet. These financial statements help the banks access the capacity of the company to obtain credits. The above procedures and requirements for credit are linked to the availability of credit information to both lenders and borrowers and this of-course is a determinant on the rank position of the country on the ease of getting credit.

3.2. The Lack of Credit Bureaus and the Lengthy Procedures

Despite the will expressed in March 2015 by the Cameroon government, the Bank of Central African States (BEAC) and the International Finance Corporation (IFC), to create a credit bureau[20] to facilitate the access by local SMEs to bank financing, these banks and other financial institutions mostly still rely on in-house analysis to access creditworthiness of companies and enterprises. This is the primary cause of the lengthy period of 2 weeks - 3 months taken by most banks to grant and issue a credit to businesses. This is especially the case with first-time credit requests mostly by Companies that have not been operating for more than two years. The lengthy process and numerous documents required in credit application files are slowing down businesses and affecting the economy negatively. Without substantial collateral,

20. With a system of information sharing of companies' financial obligations and history among loan establishments, the credit bureau allows the creation of a kind of individual rating system for companies depending on their solvability and credit. This helps to ease the process and reduces the time frame for granting credit. According to the IFC (International Financial Corporation), the availability of this information is not only likely to reduce interest rates for companies, particularly SMEs which are generally hardly structured, but will also considerably increase the total amount loaned by banks to finance the economy. The reduction of information asymmetry has positive implications for relaxing credit constraints, increasing competition in the credit market and the efficient allocation of capital.

most credit requests are declined. The credit amount granted also depends largely on the gross revenue of companies and their profit margin. Overall, the conditions for obtaining credit from most major banks in Cameroon are difficult and time consuming compared to banks in other African countries such as Rwanda, Malawi, Nigeria and Kenya

Unfortunately, the Credit bureau still plays a very dormant and insignificant role in Cameroon's economy, especially its financial sector. The fact that these credit institutions have to study and analyze the financial statements of companies before deciding on the credit amount that can be granted, is the principal cause for the lengthy period taken by these institutions to study files and issue credit. Field research in these banks shows that credit files take an average of 2 weeks - 3 months depending on the amount of credit required and the company in question. Most bankers in the visited institutions advised that complete credit files be deposited at least 1 month to the period the credit is required. These institutions are highly centralized in terms of credit request by companies, especially for average and large loans. For most if not all, credit files of companies are transferred to their head offices for study and analysis.

As concerns the interest rates applied on credit to companies, these institutions are non-discriminatory. The interest rates do not vary based on the fact that it is a local or foreign company but rather on market rates and strongly on a risk analysis conducted by the institutions and also the type and duration of credit required by a company. The amount of credit both foreign and local investors can get depends largely on the size of their businesses, the gross revenue, profit margin, and the availability of collateral security. This is particularly the case with the National Financial Credit, Afriland First Bank, and Société Commerciale de Banque.

3.3. Policy Options for Attracting More Investors in Cameroon

To positively impact its position on ease of getting credit and attract more foreign investors, the creation of a public credit bureau which will operate effectively and provide banks with valid information is sine qua non.

Furthermore, there is also need for a private credit bureaus because the indicator ''Private credit bureau coverage (% of adults)'' for Cameroon is still reported at 0 % in the Doing Business Index. This has to be the initiative of the private sector especially companies in the financial and non-financial sector. Therefore, institutions such as GICAM (Groupement Inter-Patronal du Cameroun) should create an information-sharing system among all major companies. Private credit bureaus can only operate effectively through the sharing of information among companies. Without information, they will not operate.

The government needs to revise its laws concerning the strengths of the legal rights of borrowers and lenders in secured transactions and bankruptcy. This will inspire a higher degree of confidence among creditors and borrowers and will ease and encourage creditors to issue more loans easily and rapidly. Cameroon should benchmark from countries such as Rwanda on the positive policies they have adopted and the changes that have taken place to ease the process of getting credit. Foreign investors will want to invest in countries where getting credit will be easy and less time consuming thereby increasing business growth prospects and economic opportunities for all.

4

The Gender Factor in Accessing Credit in Cameroon

On February 9, 2009, on the occasion of the 33rd Ordinary Conference of Heads of State and Governments of the African Union, Moussa Faki Mahamat, Chairperson of the Commission, declared, «The decade 2020-2030 is the decade of financial inclusion of women[21].» Financial inclusion is the «process of providing accessible, user-friendly and affordable financial services to a segment of the population marginalized by the conventional financial sector,» hence the focus on women's access to credit[22]. It is indeed one of the main concerns within the broad aspect of women empowerment. Besides, access to finance is also one of the major contributors to gender inequality, restricting women's access to economic assets such as land and loans. This declaration is particularly timely as women across the continent account for 70% of informal cross-border trade, and the Continental Free Trade Area is expected to take off in 2020. Among the benefits of this common market is the reduction of tariff and non-tariff barriers, as well as the implementation of simplified trade regimes, all of which would make it more possible for informal traders to use formal channels[23] . This section presents the general conditions of access to credit, before analyzing the obstacles women encounter in this process.

4.1. General Conditions for Access to Credit

Law N°2019/021 to lay down certain rules relating to credit activity in the banking and microfinance sectors in Cameroon was promulgated on December 24, 2019. This law regulates the conditions for granting credit. The first two articles of the text define the purpose and scope of the law relating to the subject-matter of granting credit as follows:

- The terms and conditions for concluding a credit transaction;
- The obligations of the parties relating thereto;
- The liability regime in the event of non-reimbursement.
- This law therefore applies:
- To credit and microfinance institutions operating on the territory of Cameroon;
- Borrowers (beneficiaries of a credit operation) and clients/members (natural or legal persons holding accounts) of the said institutions;
- To credit operations between one or more clients/members and the reporting institution (duly authorized to carry out credit operations) which are carried out on the territory of Cameroon.

The law obliges any natural or legal person to provide the reporting institution with information on its financial situation. The non-exhaustive list unrolled thus constitutes the documents which must accompany the loan application, the institution keeping the faculty to require any other document likely to enlighten it in its decision making. Thus, the first chapter of the second title deals with information on the borrower's borrowing capacity, depending on whether the borrower is a natural person (Article 4(2)) or a legal person (Article 4(3)).

21. Statement by the Chairperson of the African Union Commission, Addis Ababa, 09 February 2020.
22. Pierre-Laurent Chatain quoted by Tchouto, in «Inclusion financière et contribution des femmes au développement rural au Cameroun : le rôle du « Mobile-Banking «, www.aaye.org.
23. Press release No: 070/2020, 15 June 2020, Directorate of Information and communication, Addis Ababa, Ethiopia.

Table 2. Information on the borrower's financial position

(physical person or legal entity)

Physical Person	Information on the borrower's financial position	Legal Entity
√	1. Monthly pay slip of employee and possibly that of the spouse.	
√	2. Information on any income from investments (rent or financial income).	√
√	3. If applicable, royalties, copyright, maintenance payments received, disability pension/	
√	4. Declaration of heritage.	
√	5. Monthly repayment of loans already taken out (property loans, car loans, consumer loans, etc.).	√
√	6. Amount of the rent and taking into account the rental charges of the tenant.	√
√	7. Building maintenance charges and property tax of the owner.	√
√	8. Amount of possible alimony and other compensatory benefits to be paid.	
√	9. Seizure of wages and other levies following a conviction.	
√	10. Existence of revolving credits.	√
√	11. Miscellaneous taxes and duties.	√
√	12. Insurance premiums.	√
	13. Balance sheets and profit and loss accounts for the last two years.	√
	14. Forecast balance sheets and profit and loss accounts for newly created enterprises.	√

Source: Authors (inspired by the economic literature).

The law also deals with the obligations of the parties to a credit transaction. The lender's obligations are defined in Articles 5 to 8, and the borrower's in Articles 9 to 11. Finally, Titles IV and V provide for the non-reimbursement of the credit and the liability regime.

According to analysts[24] , this law was introduced to deal with the indelicacy of bank debtors and enable them to curb the increase in receivables. One of the major contributions is the introduction of several (civil and criminal) credit offenses against the debtor in bad faith . Nevertheless, in addition to the vagueness surrounding the notion of bad faith[25], which leaves a great deal of room for arbitrariness, the penalty regime seems disproportionate between the banking institution and the borrower client/member. The law attributes a power of sanction to the banking institution[26] , which becomes a quasi-jurisdiction. It may impose a credit ban on a

24. La nouvelle loi relative au crédit bancaire : entre avancées et questions. http://droitmediasfinance.com/cameroun-la-nouvelle-loi-relative-au-credit-bancaire-entre-avancees-et-questions/

25. Article 20: Any person who, in bad faith, fails to repay the credit granted to him by a reporting institution shall be punished by imprisonment for a term of six months to five years and a fine of one hundred thousand to one hundred million CFA francs, or by one of these two penalties only.

26. Article 12 (1): ... the non-repayment of credit shall give rise ... to a credit ban imposed by a lending reporting institution. […]

borrower that extends to other institutions subject to the law. On the other hand, the law does not expressly protect the client/borrower against fraudulent behavior by certain institutions, although the general law of contractual and tortious liability retains all its effects concerning the banker.

This law also contributes to the penalization of business life, and its rigor may contribute to blunt the tendency of borrowers to apply for credit and consequently to reinforce the over-liquidity of credit institutions. This is not without repercussions on women's ability to access credit from formal financial institutions.

4.2. Difficulties Encountered by Women in Accessing Credit Facilities Cameroon

Usually, women borrow first and more from family and friends. Only after doing that before they turn to financial institutions or informal private lenders. Access to credit, in particular, and to financial products, in general, therefore appears to be essential for women to break out of the precarious informal sector. Micro-credits and tontines are not enough to bring about a full and genuine transformation of the potential of their activities. Hence, there is the urgency and the need to achieve true financial inclusion.

The difficulties encountered by women in accessing credit are of several kinds. They are linked to the law itself, but also to the socio-economic environment in which they operate, which is reflected in several indicators: lack of guarantees, legal and cultural barriers limiting access to land and property ownership, discriminatory regulations, scarcity of employment in the formal sector, lack of financial products adapted to their needs.

4.2.1. Legal Barriers

The conditions laid down by the law are, to say the least, a deterrent for many women. Indeed, the first condition for access to bank credit is the possession of an account with a credit institution. According to the World Bank, less than 10% of women in Cameroon have a bank account (2014). Women employees in the formal sector only represent 6% of the active population[27] against about 12% of men. The requirement to produce payslips is therefore conditional on the exercise of salaried employment.

4.2.2. Lack of Guarantees

Besides, a certain number of guarantees must be presented, land, or real estate ownership. Women are less likely to own this type of asset, given their income. Men are generally better paid than women. The differences are less pronounced among employees in the formal sector[28] than among the self-employed and dependent on the informal sector . Indeed, among employees in the formal sector, men's wages are barely 1.3 times higher than those

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(2) The prohibition of credit shall entail a prohibition on entering into a credit transaction with any other reporting institution.

27. The labour force is defined as all persons of working age who are available in the labour market whether they are employed (employed labour force) or unemployed. They are generally over 15 years of age.
28. http://www.stat.cm/downloads/EESI/2010/thematique/theme3b-Rapport-genre-et-marche-de-travail_06_05_2013.pdf.

of women, while among the self-employed and dependent workers in the informal sector, they are 2.0 and 2.3 times higher than those of women. Moreover, 1 in 10 women have a fixed salary, compared to 2 in 10 men; and the proportion of people receiving no pay is 35% for women and 21% for men[29].

4.2.3. Discrimination

It proved impossible to document certain statistics on the credit allocation rate. Nevertheless, from this point of view, if we have to talk about discrimination, it results, to a large extent at least, from the initial disparity that exists between men and women according to certain indicators that we have presented above (salaried work, rate of pay, rate of banking). It cannot be ignored, however, that the specific needs of women are not taken into account. Among the banks we were able to approach (five), only UBA offers a specific product for women as well as support. As a general rule, the gender dimension is not taken into account. Economic profitability is the determining factor.

4.3. Recommendations to Ease Access to Credit for Women in Cameroon

The situation of women's access to credit is dependent on the overall situation of financial inclusion in Cameroon and even within CEMAC. Last December, the BEAC initiated a study for the development of a regional financial inclusion strategy and the institution of a monitoring and promotion mechanism for access to financial services in Central African countries. The evaluation of CEMAC's financial sector conducted by the International Monetary Fund (IMF) and the World Bank (WB) in 2016 shows that despite recent progress, the sector «remains shallow, weakly inclusive and essentially dominated by banks». Financial inclusion remains a major challenge for CEMAC due to low access to and use of basic financial services, particularly in terms of limited geographical banking coverage. Also, the BEAC reports very limited access to bank financing, with the number of borrowers representing barely 2.5% of the adult population, compared to an average of 6% in sub-Saharan Africa, while the average bank penetration rate is still low, at 14.6% compared to an average of 34.2% in sub-Saharan Africa.

By taking into account all considerations, a few recommendations can be proposed to address the challenge of women's access to credit.

First, efforts should be made to improve access to the labour market. Women suffer more from unemployment, insecurity, and discomfort in employment. Their proportion in salaried employment, which guarantees a fixed remuneration, is more discriminatory in terms of income. This approach depends essentially on the government, in this case, the definition of employment policy and the determination of priorities should be properly balanced between men and women. The State is the largest employer in the country. By integrating the gender approach into its employment policy, it can help to achieve this goal and set an example for employers in various sectors to follow.

Secondly, the banks should be encouraged to develop products specific to women's needs, in particular by activating their civic responsibility. Women's incomes generally benefit family health, education. Moreover, they represent a real niche that is still largely ignored.

29. Ibid

Investing in women is not an insane risk, quite the contrary. Among the banks visited, only UBA Cameroon informed us of the existence of a specific product reserved for female customers. This is an individual savings account called ‘‘UBA Ladies’’. This account is intended for all categories of women regardless of their professional situation (employed, unemployed, company director, etc.). It draws its justification from the observation that Cameroonian women are enterprising and have a sense of savings. This product, whose interest rate is higher than the normal rate, is accompanied by a management capacity building program in particular (training seminars, coaching), whose avowed objective is to promote the transition from the informal to the formal sector, to benefit from more opportunities. From this point of view, the UBA approach appeared to be very innovative in the banking landscape in Cameroon.

Finally, it is urgent to improve the rate of banking. This will necessarily involve opening up to non-wage professions while waiting for an accelerated formalization of the country’s economy. The conditions for opening accounts should certainly be relaxed by the banks

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Annex

1. Methodology

From 10^{th} to 12^{th} June 2020, our research team conducted field research by visiting sixteen (16) financial institutions based in Yaoundé, Cameroon. These institutions were ten commercial banks and six micro-finance institutions. Primary information was obtained from interviews with institutions' representatives. Secondary information was gotten from the website, the documents, or flyers issued by the financial institutions.

As regards Commercial Banks, the research team visited the following:

1. Afriland First Bank
2. BGFI Bank Cameroon
3. Cameroon International Bank for Savings and Credit (BICEC)
4. Commercial Bank of Cameroon (CBC)
5. Crédit Communautaire d'Afrique Bank (CCA Bank)
6. Ecobank
7. National Financial Credit (NFC) Bank
8. SCB Cameroon
9. Société Générale Cameroun ;
10. Union Bank of Africa (UBA Cameroon)

As regards Microfinance institutions, the research team visited the following:

1. First Trust S.A. Savings and Loans
2. Aghem Cooperative Credit Union Limited
3. Awing Central Cooperative Credit Union Limited
4. Vision Finance S.A.
5. La Régionale d'Epargne et de Crédit ;
6. RENAPROV Finance

The target informants during the interview included Accounts Managers, Loan Managers, Customer Service Officers, and Branch Managers. A sample of questions asked during the interview was:

1. What are the conditions for getting credit at your institution?
2. What can make someone ineligible for a loan?
3. How much does it cost to obtain a credit here?
4. What are the required documents and procedures to follow for me who would like to finance an agricultural project (tomato plantation in Yaoundé, Nsimalen)?
5. Are there any laws that govern these conditions, required documents, procedures and cost?
6. How long does the file study take? And generally speaking, for a person meeting all the criteria, how long does it take?
7. Does this procedure involve any fees?
8. Does your institution often face problems in giving out credits to the client? If yes, what measures are always taken to address these problems?
9. Approximately how many people can get credit here per year, any statistics?
10. Do you offer credit to foreigners?
11. How can a foreigner create a business account and what is required?
12. What are the conditions and procedure for foreigners to obtain credit both as investors and as an individual?
13. What documents are to be submitted by foreigners and what is the difference with the case of just a national?
14. How long does a company or enterprise need to operate before it can be eligible for credit in your bank?
15. 15. What criteria or what are the determinants of the credit amount and interest rate
16. How do you access the credit request file? Internal analysis of the company's financial statements or external information comes from other sources?

The common point of all these institutions visited is the same: to obtain credit, one should first have opened a personal account with the institution from which the credit is requested. This account must also be active when the application is made. However, depending on the institution visited, the answers and information given were not the same.

At the **Afriland First Bank**, we were referred to their website (https://www.afrilandfirstbank.com) to get any information we needed on getting credit. It is the largest financial Services Group in Cameroon, founded in 1987 under the name Caisse Commune d'Epargne et d'Investissement. They have different kinds of credit which are; Investment Loan, short term loan, bridge loan, spot loans, and even back to school loans. These loans are given only to people who have active accounts in their bank and people who can guarantee to pay back within the period requested for the loan. Here, if an individual wants to obtain credit, he/she must fulfill some obligations which are: salary is paid into a current account, Application form highlighting the loan amount, its purpose and the sources of repayment, Certificate of irrevocable transfer, Certificate of work attendance.

For employees of the public sector, at least 1 month of service, for employees of the private sector, at least 6 months of service (provide a working certificate, working contract and the three last paycheques). You must have been a client of the bank for at least one month before your application. If you are employed in the private sector, you must have been a client for at least 3 months. If you are applying for an overdraft, join a confirmation to Malaika insurance policy subscription while if you are applying for a long, medium, or short term loan, join a confirmation to an AID insurance policy subscription. With all these, the Board of directors can evaluate the documents to see if the person is eligible for credit within one week. If not, the application would be rejected.

As regards our visit to **SCB Cameroon**, we were told that each person needs to have an account in that institution before taking a loan and they could only give more information to people who own accounts there and when the person is ready for the credit demand.

At the **Commercial Bank of Cameroon**, we were provided enough information. We met the manager in charge of personal accounts and management in charge of business-group accounts respectively. The manager in charge of personal accounts informed us about the procedure: if an active person wishes to obtain credit from the bank, they must build a preliminary file with personal information (National Identity Card, employment contract, job attestation, and others) as well as an application letter addressed to the Head of Agency. It is the same procedure for groups of people who want to obtain credit except if they want to finance a project, the application must be accompanied by a business plan identifying the guarantees after opening a joint account. Once this first application is accepted, the credit applicant will have to build a file that will involve a fee (0.5% of the amount requested) to be paid to the bank for study by the board. Once approved, the credit is transferred to the requester's account. Commercial Bank charges its customers an interest rate of 10% to 13% depending on the applicant's income. If the bank finds that the project cannot be profitable, the application will be rejected. The procedure takes about 2 to 5 weeks.

During the visit to **UBA Cameroon**, we also met an account manager, introducing ourselves as a private individual, who has an account with their bank and wishes to obtain a credit to finance an agricultural project. She gave us the prerequisites to apply for credit: to have an active current account; to be employed in one of the public or parapublic institutions affiliated to UBA. Once these conditions have been met, an application will be written to the head of the agency who will be responsible for assessing the profitability of the project. But if we do not meet these criteria, the file cannot be opened.

At **SCB Cameroon** it takes two business days just to create a company account for foreign investors. It takes an even longer period to grant credit because of the centralized system where loan files for investors or companies are transferred to the head office for analysis. They do not also finance startup projects and get credit information from the analysis of financial statements of companies. Credit amount and interest rates depend on results from the analysis of required financial statements. The initial deposit amount upon creation of the account is negotiable with the bank. They offer several international services that are packaged for investors especially foreign such as Operating Financing: market guarantees, trade credits, international trade, domestic and international guarantees, management of hedges against exchange risk.

As regards **CCA Bank**, they are peculiar with the little amount required as initial deposit for companies. They require 25,000 FCFA for establishments, Private and public limited liability companies, and 300,000 FCFA for joint venture capital businesses. These are for savings accounts which can help an enterprise obtain credit. They have a very centralized system just like the case with SCB Cameroon and can take up to three months in the credit process for medium size companies and investors. Bankers here advise loan files are deposited at least 1 month to the period the investor needs the credit. They however offer credit services that could be attractive to foreign investors especially in imports and exports such as documentary credit stand by letter of credit, export financing.

Our visit with **Ecobank Cameroon** revealed that this institution does not finance startup businesses of foreign investors. Ecobank only grants credit to institutions that have been operating for at least 2 years. The credit amount also depends on the evaluation made by the bank from the company's financial statements and the availability of collateral. Here it takes averagely 2 weeks – 3 months period to access loan files. This period depends on the loan amount. This is because of the centralized system for medium and long term loans.

We also discovered that the **National Financial Credit Bank** issue loans to new companies that just started operating but this only happens if there is a deposit guarantee account with an amount equivalent to the credit amount, owned by a third party who is also a client of the bank. The credit amount depends on guarantee deposit amount as for new or startup companies while for companies over 1-year amount depends on companies' total revenue, profit margin, and evaluation of other financial statements and collateral security. There is no discrimination as concerns local companies or foreign direct investors. The only difference is foreigners show identification and resident permit.

At **First Trust Savings and Loans** we were received as one of their clients. They gave all information and answered all our questions. This was because we went there as a member of that institution who needed a loan for a business. In this institution, one must be a registered member of the bank for at least three months, must have an already established and registered business where a feasibility study can be done and investigations on the business. The first prove here will be through documents of the business, documents to prove that the individual has been paying taxes for the business, must present a collateral equivalent to the credit you are taking like a land title or house documents. With these, the person needs to present documents like A handwritten application, Tax documents of the business, localization plan, Photocopy of ID Card, 4x4 passport size photos (4). After furnishing all these documents, the bank board will analyze all the information and see if the person is apt for a loan. If so, they'll call the person concerned for the loan within two weeks and if it is rejected, the person will be notified with the reason why he/she cannot be given a loan. This is done following the COBAC law.

The people met at **Aghem Cooperative Credit Union Limited** elaborated on the conditions, required documents, cost, and procedure to obtain credit in this institution. The conditions include membership for at least three months with frequent savings, the amount in your savings account must be at least 30% of what you are requesting. For example, if someone is requesting for 500,000 Fcfa, he/she must have at least 150k in his/her account. 30% is your first collateral. If someone needs a big loan, he/she must have collateral like a land title or house documents or bring a surety who is a member of the credit union with an equivalent amount of money there. As for the required documents, one needs to present: A business plan, a group account for the business with at least three signatories with each having their passport-sized photos and photocopy of their ID cards except it is an individual that is opening a business account. The person needs to buy a loan form and apply for the needed amount and bring along a collateral equivalent to the amount needed. Once, the documents have been submitted, the credit union will evaluate the business and the person involved, that is, if he/she is eligible for that loan or if his/her business can pay back the loan within 12 months. Smaller amounts can be given within two or three hours and if it is a huge sum of money, it becomes a board loan. Board meetings are held once a month and so, the board decides during the meeting. So, the credit can be given within one month depending on what time someone applies for a loan.

The **Awing Central Cooperative Credit Union Limited** has almost the same conditions as the above institution. The slight differences we could find were: On the Conditions, One must be a member there for at least 3 months, Must have at least 1/3 of the amount as savings and must save regularly to have a loan. For the Required Documents; bring collateral 2x the loan, handwritten application for a loan, Business Plan, Localization Plan. After this, the information is forwarded to the board of directors for approval. They do a feasibility study on the business and the person involved focusing on the 5Cs which are: Capacity, Character, Conditions, Collateral Security, and Capital of the person.

During our visit with **Vision Finance S.A.**, a second category microfinance institution opened since April 2019, we had the opportunity to meet one of the managers. We introduced ourselves as a member of an association with an account in their branch and who would like to benefit from credit to finance an agricultural project. As an answer, we were told that: A non-profit association cannot benefit from a credit with this establishment because the association lives on the membership fees of its members. No guarantee is given concerning repayment. If an exclusive member of the said association so wishes, he could obtain credit on a personal basis and follow the procedure: open an account, keep it active by carrying out transactions for at least two (02) months, be salaried or have a profitable activity.

La Régionale d'Epargne et de Crédit requires a written request to the director of the institution stating that they would like to research in their field. Otherwise, no denial can be issued. One difficulty faced there laid on the fact that we introduced ourselves as research students, the reason why such an answer was given to us we guess.

Finally, **RENAPROV Finance** which is a microfinance institution differs from the others by the fact that the client wishing to make a loan must formulate his request to the branch in which his account is domiciled or to the branch that covers his geographical area for a better follow-up of the file.

As regards specific support for female clients, four banks we visited do not offer any services in this respect, either for the private or corporate portfolios. The only criterion is the relevance of the demand (the strength of the probability of profitability) and the viability of the guarantees provided. Gender data would be inoperative and non-essential. Among the banks visited, only UBA Cameroon informed us of the existence of a specific product reserved for female customers. This is an individual savings account called UBA Ladies. This product was launched in December 2019 but its promotion was stopped due to the health crisis (Coronavirus pandemic). We were unable to obtain further details until later. This account is intended for all categories of women regardless of their professional situation (employed, unemployed, company director, etc.). It draws its justification from the observation that Cameroonian women are enterprising and have a sense of savings. This product, whose interest rate is higher than the normal rate, is accompanied by a management capacity building program in particular (training seminars, coaching), whose avowed objective is to promote the transition from the informal to the formal sector, to benefit from more opportunities.

In our discussions, we also noted that the consideration of women (and therefore the structural difficulties they face in accessing financial services) was not, as a general rule, a concern for bank managers. They are guided by the objective of profitability and focus on the formal sector, individuals or companies that first demonstrate a certain potential for success. From this point of view, the UBA approach appeared to be innovative in the banking community.

2. Difficulties and Challenges Encountered at Financial Institutions

Some financial institutions refused to give us direct attention as they preferred that we rather visit their websites where we got information although not as much as we would have gotten if we interviewed their staff involved in the credit process. Most of these banks kept us waiting. With the coronavirus pandemic, access to private offices of account managers and loan managers was difficult though we succeeded for some. The Bankers were sensitive to questions such as “how they access loan files and if they had external sources of information on clients such as credit bureaus. Some bankers were not focused on the conversation and were not explicit enough except in cases with follow up questions. Long queues could be noticed everywhere in public places due to the control of the number of people seeking public services, given the COVID-19 menace.