



## NATIONAL ECONOMIC AND FINANCIAL COMMITTEE OF CAMEROON

GENERAL SECRETARIAT

# 2020 ANNUAL REPORT

Translated version by «THE BRIDGE»

Phone: +237 696 727 598 / 237 680 616 880

Email: [thebridge301@yahoo.fr](mailto:thebridge301@yahoo.fr)



**H.E. PAUL BIYA**  
**President of the Republic of Cameroon**



**Mr. Joseph DION NGUTE**  
**Prime Minister, Head of Government**

## A WORD FROM THE NEFC PRESIDENT



**Mr. Louis Paul MOTAZE**  
**Minister of Finance, NEFC PRESIDENT**

The NEFC activity in 2020 has been carried out in a context of contracting global economic growth as a result of the adverse effects of the COVID-19 health crisis on the one hand, and of declining national economic growth on the other, linked to the pandemic.

In that environment, the banking system remained resilient in 2020 with activity growth measured in terms of increase in total assets by 8.3%, in deposits collected by 10.4%, in loans granted by 6.2%, and in Net Banking Income (NBI) by 3.4%. In terms of access to financial services, the banking services coverage rate improved for the adult population from 22.1% in 2019 to 22.2% in 2020, while the density of the banking network deteriorated slightly from 1.4 branches per 100 000 inhabitants in 2019 to 1.0 branch per 100 000 inhabitants in 2020, due to the low expansion of the network as compared to the increase in population.

The intermediation activity of the microfinance sector was also strengthened with very significant increases in total assets, volume of deposits collected and of loans granted, respectively by 19.0%, 20.6% and 15.3%. However, non-performing loans increased by 43.2% due to the Covid-19 pandemic. The sector has continued to expand. Following the granting of license to new institutions and thanks to an increasingly large networking of branches and sales points throughout the country, the financialization rate of the active population rose significantly from 45.1% in 2019 to 45.7% in 2020.

The implementation of the 2020 activities programme was marked, at institutional level, by the effective setting up of the NEFC on March 12<sup>th</sup>, 2020. In that context, the NEFC held its committee sessions on May 4<sup>th</sup>, July 13<sup>th</sup>, and November 9<sup>th</sup>, 2020. Furthermore, the NEFC met almost all its objectives during that period.

Special emphasis was laid on checking the plausibility of the Annualized percentage rate (APR) charged by the banks, and on their compliance with usury thresholds. Besides, the General Secretariat of the NEFC calculated and published for the first time the usury rates in the microfinance sector

In perspective, the NEFC intends to: (i) continue the activities of making its computer platforms available to reporting entities; (ii) disseminate the Law No. 2019/021 of December 24<sup>th</sup>, 2019 to lay down some rules governing credit activity in the banking and microfinance sectors in Cameroon; (iii) continue the study on the preparation of the development plan for the financial sector in Cameroon; (iv) continue the study on the creation of a guarantee fund for SMEs in partnership with the World Bank; and (v) put in place a comparative database of banking rates in Cameroon.

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## ACRONYMS AND ABBREVIATIONS

<b>ACEP</b>	Agence de Crédit pour l'Entreprise Privée
<b>AD</b>	Adamaoua (Région)
<b>AFB</b>	Afriland First Bank
<b>AFD</b>	French Development Agency
<b>AFI</b>	Amicale Finance S.A.
<b>AFIB</b>	ACE Finance of Business
<b>ANEMCAM</b>	National Association for Microfinance Institutions in Cameroon
<b>APECCAM</b>	Professional Association for Credit Institutions in Cameroon
<b>ASAC</b>	Association for Insurance Companies in Cameroon
<b>BAC</b>	Banque Atlantique Cameroun
<b>BAD</b>	African Development Bank
<b>BEAC</b>	Bank of Central African States
<b>BGFI</b>	Banque Gabonaise et Française Internationale
<b>BIC</b>	Credit Bureau
<b>BICEC</b>	Banque Internationale du Cameroun pour l'Épargne et le Crédit
<b>BID</b>	Islamic Development Bank
<b>CAMCCUL</b>	Cameroon Cooperative Credit Union League
<b>CAMED</b>	Caisse Mutuelle Évangélique pour le Développement
<b>CAMPOST</b>	Cameroon Postal Services
<b>CASEMF</b>	Framework for the Analysis and Monitoring of Microfinance Institutions
<b>CBC</b>	Commercial Bank of Cameroun
<b>CCA</b>	Crédit Communautaire d'Afrique
<b>CCC PLC</b>	Community Credit Cooperative Limited
<b>CCEC</b>	Caisse Camerounaise d'Épargne et de Crédit
<b>CCEFI</b>	Caisse d'Épargne et de Financement
<b>CCPC</b>	Crédit Coopératif Participatif du Cameroun
<b>CDC BOMTOK</b>	Crédit de Développement Communautaire du Cameroun de BOMTOK
<b>CDS</b>	Crédit du Sahel S.A
<b>CE</b>	Centre (Région)
<b>CECIC</b>	Crédit et Épargne pour le Financement du Commerce et de l'Industrie du Cameroun
<b>CEFA</b>	Caisse d'Épargne et de Financement en Afrique
<b>CEMAC</b>	Economic Community for Central African States
<b>CENEF</b>	National Economic and Financial committee
<b>CEPI</b>	Caisses d'Épargne Populaire et d'Investissement
<b>CERBER</b>	System for the Collection, Processing and Return of Regulatory Data to Banks
<b>CIP</b>	Payment Incidents Board
<b>CITEF</b>	City Trust Credit Fund
<b>CMDC</b>	Crédit Mutuel du Centre SA
<b>CNC</b>	National Credit Council
<b>COBAC</b>	Central African Banking Commission
<b>COMECI</b>	Compagnie Équatoriale pour l'Épargne et le Crédit d'Investissement

<b>CONADIE</b>	Compagnie Nationale pour le Développement de l'initiative Economique
<b>CPM</b>	Monetary Policy Committee
<b>CREMF</b>	Risks Board for microfinance Institutions
<b>CT</b>	Short term
<b>DAB</b>	Automated Teller Machine
<b>DGI</b>	Directorate General of Taxation
<b>DSF</b>	Statistical and Fiscal Declaration
<b>EC</b>	Credit Institution
<b>EMF</b>	Microfinance Institution
<b>EN</b>	Far North (Region)
<b>ES</b>	East (Region)
<b>EUF</b>	Express Union Finance
<b>F CFA</b>	Franc de la Coopération Financière en Afrique Centrale
<b>FH</b>	Financial House
<b>FIBANE</b>	National Banking File for Enterprises
<b>FIGEC</b>	La Financière Générale d'Épargne et de Crédit
<b>FMI</b>	International Monetary Fund
<b>FNG</b>	Fosic Nkap Ngon SA
<b>FNM</b>	National Microfinance Fund
<b>FOCEP</b>	Fonds Camerounais d'Epargne pour le Progrès
<b>FODEC</b>	Fonds de Développement de l'Epargne et du Crédit du Cameroun
<b>GAB</b>	Automated Teller Machine
<b>GECEFIC</b>	La Générale de Caisses pour l'Épargne et le Financement au Cameroun
<b>GICAM</b>	Cameroon Inter-Employers Organization
<b>GIMAC</b>	Interbank Electronic Banking Consortium of Central Africa
<b>IDE</b>	Foreign Direct Investment
<b>IDEV</b>	Société d'Investissement pour le Développement
<b>INS</b>	National Institute of Statistics
<b>IPSF</b>	Financial Services Price Index
<b>KFC</b>	Kingston Financial Crédit
<b>LIT</b>	Littoral (Region)
<b>LT</b>	Long Term
<b>MC2</b>	Mutuelle Communautaire de Croissance
<b>MIGEC</b>	Société Coopérative d'Initiation à la Gestion d'Épargne et du Crédit du Cameroun SA
<b>MINEPAT</b>	Ministry of Economy, Planning and Regional Development
<b>MINFI</b>	Ministry of Finance
<b>MINPMEESA</b>	Ministry of Small and Medium-Sized Enterprises, Social Economy and Craft
<b>MINPOSTEL</b>	Ministry of Posts and Telecommunications
<b>MIX</b>	Microfinance Information Exchange
<b>MT</b>	Medium Term
<b>MUGFIC</b>	Mutual Guarantee Financing Company Plc
<b>NFC-BANK</b>	National Financial Credit Bank
<b>NO</b>	North (Region)

<b>NOFIA</b>	Nouvelle Financière Africaine
<b>NW</b>	North West (Région)
<b>OHADA</b>	Organization for the Harmonization of Business Law in Africa
<b>OU</b>	West (Region)
<b>PADMIR</b>	Rural Microfinance Development Support Programme
<b>PED</b>	Developing Country
<b>PIB</b>	Gross Domestic Product
<b>PME</b>	Small and Medium-Sized Enterprise
<b>PMEAA</b>	Support Programme for Agricultural and Agri-Food Small and Medium-Sized Enterprises
<b>PNB</b>	Net Banking Income
<b>RIC</b>	Rural Investment Credit
<b>ROA</b>	Return On Assets
<b>ROE</b>	Return On Equity
<b>S.A</b>	Public Limited Company
<b>SCB</b>	Société Commerciale de Banque
<b>SCBC</b>	Standard Chartered Bank Cameroon
<b>SCEC</b>	Société Camerounaise d'Épargne et de Crédit SA
<b>SEND</b>	Balance of Undisbursed Commitments
<b>SGC</b>	Société Générale Cameroun
<b>SMAC</b>	Electronic Banking System in Central Africa
<b>SMI</b>	Interbank Electronic System of Central Africa
<b>SNI</b>	National Investment Company
<b>SOFINA</b>	Société Financière Africaine
<b>SOFINED</b>	Société Financière et d'Épargne pour le Développement
<b>SW</b>	South West (Region)
<b>TCER</b>	Actual Effective Exchange Rate
<b>TDR</b>	Terms of Reference
<b>TEG</b>	Annualized percentage rate
<b>TIAO</b>	Actual Effective Exchange Rate
<b>TOPROC</b>	Tourism Promoters Saving and Loans Cooperative Finance
<b>TPE</b>	Very Small Enterprise
<b>TVA</b>	Value Added Tax
<b>UBA</b>	United Bank for Africa
<b>UBC</b>	Union Bank of Cameroon
<b>UE</b>	European Union
<b>UMAC</b>	Central African Monetary Union
<b>UNICS</b>	Unity Cooperative Society

## INTRODUCTION

The NEFC activities continued in 2020 against a macroeconomic backdrop driven by the effects of the Covid-19 pandemic that impacted all economies worldwide. The global economy thus entered a general recession with a 3.5% contraction in GDP. At the national level, the Cameroon economy did not escape the effects of that pandemic, although the extent of the crisis was not as great as initially predicted. Indeed, for an initial forecast of -2.6%, estimates place growth at around 0.7%.

In that environment, banks however showed remarkable resilience in 2020, with an increase in activity in terms of total assets by 8.3%, of deposits collected by 10.4%, of loans granted by 6.2%, and of Net Banking Income (NBI) by 3.4%. In terms of access to financial services, the banking services coverage rate for the adult population improved for from 22.1% in 2019 to 22.2% in 2020, while the density of the banking network deteriorated slightly from 1.4 branches per 100 000 inhabitants in 2019 to 1.0 branches per 100 000 inhabitants in 2020, due to the low expansion of the said network as compared to the increase in population.

In the same vein, deposits collected and loans granted by financial institutions increased by 6.5% and 2.6% respectively, leasing commitments rose by 6.1%, the quality of the portfolio improved by 6.7% while the branch network remained stable.

As regards the microfinance sector, it recorded a sharp increase in the non-performing loan rate of 43.2%, linked to the pandemic in Covid-19. However, it continued to expand, following the licensing of new institutions. Thanks to an increasingly important coverage of the national territory, the network of branches and sales outlets in that sector has made it possible to significantly improve the financialization rate of the active population, that rose from 45.1% in 2019 to 45.7% in 2020. The intermediation activity of that sector has also been strengthened, with very significant increases by 20.6% and 15.3% in the volume of deposits collected and loans granted respectively.

With regard to the insurance market, the continuation of the upgrading of the minimum share capital for insurance companies to five (05) billion in 2021 was noted as well as that of the public awareness campaign on the direct compensation mechanism for policy holders (IDA) with an emphasis on social networks.

The insurance market will continue to upgrade the minimum share capital of insurance companies to five (05) billion in 2021 and will continue the public awareness campaign on the direct compensation scheme for policyholders (IDA) with a focus on social networks. According to available data, the market turnover had increased by 0.9% to 209.0 billion in 2019.

Outstanding securities on this market more than tripled as compared to the situation observed three years earlier, rising from 907.6 billion in 2017 to 3225.3 billion in 2020.

This 2020 annual report of the NEFC i) highlights the NEFC organization, ii) presents the activities carried out during the year and iii) describes the work and thematic studies carried out by its General Secretariat in 2020.

**I. ORGANIZATION OF THE NATIONAL ECONOMIC AND FINANCIAL COMMITTEE (NEFC)**

## **I.1.Missions**

As provided for under Article 3 of Regulation n°03/2019/CEMAC/UMAC/CM of December 12<sup>th</sup>, 2019, on the creation, organization and functioning of National Economic and Financial Committees within the CEMAC zone, "the National Economic and Financial Committees are national advisory bodies on monetary, banking and financial matters. As such, they can: i) issue opinions; ii) make recommendations; iii) conduct studies; iv) and generally, carry out any other mission related to their mandate".

Thus, in order to accomplish those missions, the National Economic and Financial Committees, abbreviated as NEFC, have two (02) main functions, one with an economic vocation, provided for under Articles 8, 9, 16, 17, 18 and 19 of the above-mentioned regulation, and the other with a legal vocation, provided for under Articles 10, 11, 12 and 13 of the said regulation.

### **I.1.1. Economic function of the Committee**

According to Article 8, "the NEFC shall study and propose to the Ministry in charge of money and credit all measures of a general nature aimed at:

- ensuring the coordination of national economic policy with the community monetary policy;
- stimulating the mobilization of national savings by the banking and financial system;
- promoting financial inclusion ;
- Improving the accessibility, transparency and understanding of information for consumers of financial services;
- optimizing the allocation of internal resources to achieve economic objectives;
- strengthening the efficiency of the banking and financial system and improve the organization of its methods".

Article 9, on its part, provides that "the NEFCs shall be responsible for issues related to the development of the financial sector and, more specifically, for relationships between customers and credit institutions, finance companies, payment institutions, microfinance institutions, insurance companies, brokerage companies and portfolio management companies.

In that regard, the NEFC shall:

- prepare and propose to the Ministry in charge of money and credit, to BEAC, COBAC and COSUMAF, action plans to improve access to quality financial services and the development of capital markets;
- pay particular attention to financial education, in coordination with national authorities, while ensuring that information for consumers of financial services is accessible, transparent and understandable.
- ensure, in accordance with the regulations in force, on the one hand, mediation in disputes among credit institutions, finance companies, payment institutions, microfinance institutions, insurance companies, stock exchange companies and portfolio management companies and, on the other hand, between those institutions as well as companies and their respective customers.

### **I.1.2. Legal function of the Committee**

The legal functions of the National Economic and Financial Committee are defined under Articles 10, 11 and 12.

To that end, Article 10 provides that "Within the framework of its competence and subject to the powers of the Central Bank or of COBAC, the NEFCs may be consulted on any draft legislative or regulatory instrument relating to the activity of credit, microfinance and payment institutions as well as insurance companies, in particular:

- the conditions for networks implantation, in particular the opening and closing of branches and sales points;
- the operating conditions applying to those institutions, in particular, the conditions applying to customer service;
- the publication of credit institutions accounts;
- the terms and conditions for competition;
- the organization of services that are shared by the profession".

Article 11 stipulates that "At the initiative of the Ministries in charge of money and credit, the NEFCs may be consulted on:

- Draft Regulations and Decisions prepared by BEAC, COBAC or COSUMAF or any other body acting in a field within their competence;
- credit policy guidelines and the funding of economic programmes;
- the conditions for domestic and external borrowing by governments and public administrations;
- the financial behaviour of non-financial agents;
- direct or indirect financial interventions by States, such as the acquisition or sale of public shareholdings, subsidies, tax benefits and the granting of guarantees".

Furthermore, Article 12 provides that "the NEFCs may be consulted by the Ministries in charge of currency and credit on individual decisions or agreements, authorizations or waivers that they take or grant by virtue of the banking regulations within the CEMAC zone, subject to the powers conferred upon COBAC", and lastly, Article 13 stipulates that the NEFCs shall be empowered to allocate registration numbers to licensed credit, microfinance and payment institutions. That being the case, in addition to the license that is required to carry out the activity entrusted to credit, microfinance and payment institution, those institutions should apply for registration in the special register of the NEFC.

### **I.2. Organization of the National Economic and Financial Committee**

To carry out its missions, the NEFC is made up of:

- a decision-making body;
- Technical Committees ;
- an executive body (the General Secretariat).

### **I.2.1. The decision-making body**

The Committee is chaired by the Minister in charge of currency and credit (Minister of Finance), while the Minister in charge of Economic Affairs (Minister of the Economy, Planning and Regional Development) and, if necessary, the Minister in charge of Industry (Minister of Industry, Mines and Technological Development), are vice-chairmen. The National Director of the Bank of Central African States is the Secretary General and Rapporteur.

In addition to the President, the Vice-President and the Secretary General, the Committee is made up of the following members:

- the Governor of the Bank of Central African States;
- the Secretary General of the Central African Banking Commission (COBAC);
- the President of the Financial Markets Supervisory Commission for Central Africa (COSUMAF) or his/her representative;
- the Director General of the Central African Stock Exchange (BVMAC) or his/her representative;
- the Head of the Central Depository of the Central African Financial Market or his/her representative;
- the Director General of the Treasury, Financial and Monetary Cooperation;
- State representatives in the Monetary Policy Committee;
- two members appointed by the country Government;
- one member appointed by the Economic and Social Council or any other equivalent body;
- the Director General in charge of Statistics or the Director General of the National Institute of Statistics
- the President of the Professional Association for Credit Institutions of Cameroon (APECCAM);
- the President of the Association for Investment Companies or his/her representative;
- the President of the Professional Association for Microfinance Institutions of Cameroon (ANEMCAM);
- the President of the Association for Insurance Companies of Cameroon (ASAC);
- the President of the Professional Association for Stock Exchange Companies, where applicable;
- the President of the Professional Association for Portfolio Management Companies;
- the President of the Professional Association for Payment Institutions, where applicable;
- the President of the Association for Consumers of Banking and Financial Services;
- the President of the Cameroon Inter-Employers Organization (GICAM);
- the representative of the Credit Information Bureaus, where applicable;
- two members appointed by the consular chambers (Agriculture, Commerce and Industry, etc.);
- a representative of universities and research centres appointed by the CNEF President.



Box 1.1: Presentation of the members of the National Economic and Financial Committee as at December 31<sup>st</sup>, 2020

President :	<b>Louis Paul MOTAZE</b> , Minister of Finance
Vice-president :	<b>ALAMINE OUSMANE MEY</b> , Minister of Economy, Planning and Regional Development
Other members	<p><b>Gabriel DODO NDOKE</b>, Minister of Industry, Mines and Technological Development</p> <p><b>ABBAS Mahamat TOLLI</b>, Governor of BEAC</p> <p><b>Dieudonné EVOU MEKOU</b>, Vice-Governor of BEAC</p> <p><b>HALILOU YERIMA Boubakary</b>, Secretary General of COBAC</p> <p><b>NAGOUM YAMASSOUM</b>, President of the Financial Market Supervisory Commission for Central Africa (COSUMAF)</p> <p><b>Adolphe NOAH NDONGO</b>, member appointed by the Government</p> <p><b>ASSIGA ATEBA</b>, member appointed by the Government</p> <p><b>Sylvester MOH TANGONGHO</b>, Director General of the Treasury, Financial and Monetary Cooperation in the Ministry of Finance</p> <p><b>Zacharie NGOUMBE</b>, Representative of the Economic and Social Council</p> <p><b>Roger TSAFACK NANFOSSO</b>, Representative of Universities and Research Centres</p> <p><b>Jean Claude NGBWA</b>, Director General of the Central African Stock Exchange ( BVMAC)</p> <p><b>Joseph TEDOU</b>, Director General of the National Institute of Statistics (NIS)</p> <p><b>MOUSSA KOUE</b>, President of the Chamber of Agriculture, Fisheries, Livestock and forestry (CAPEF)</p> <p><b>Alphonse NAFACK</b>, President of APECCAM</p> <p><b>Christophe EKEN</b>, President of the Chamber of Commerce, Industry, Mines and Craft (CCIMA)</p> <p><b>Théophile Gérard MOULONG</b>, President of ASAC</p> <p><b>Célestin TAWAMBA</b>, President of GICAM</p> <p><b>Gabriel NGAKOUMDA</b>, member of the Monetary Policy Committee (MPC)</p> <p><b>NFOR SHEY</b>, President of the National Association for Microfinance Institutions in Cameroon (ANEMCAM)</p> <p><b>ABOUBAKAR SALAO</b>, representative Central Depository of the Central African Financial Market</p>
Secretary General :	<b>Blaise Eugène NSOM</b> , National Director of BEAC

## I.2.2. The Technical Committees of the National Economic and Financial Committee

Under Article 25 of the above-mentioned regulation, "the NEFCs may set up technical committees from among their members, whose composition and powers they shall determine. (...) ". To that end, three (03) committees have been set up within the NEFC. They are:

### **I.2.2.1. The Economic and Financial Studies Committee, in charge of economic and financial studies**

That Committee is made up of:

- **President:** The President of the Cameroon Inter-Employers Organization (GICAM).
- **Members :**
  - the representative of the Ministry of Finance (MINFI);
  - the representative of the Ministry of the Economy, Planning and Regional Development (MINEPAT);
  - the representative of the Ministry of Mines, Industry and Technological Development (MINMIDT);
  - The Deputy National Director of BEAC in charge of coordinating the activities of the NEFC General Secretariat;
  - the Head of Department in charge of the NEFC General Secretariat;
  - the representative of the Bank of Central African States (BEAC Central Services);
  - the representative of the General Secretariat of the Central African Banking Commission (COBAC);
  - the representative of the Financial Market Supervisory Commission for Central Africa (COSUMAF)
  - the representative of the Central African Stock Exchange (BVMAC);
  - the representative of the Chamber of Commerce, Industry, Mines and Crafts (CCIMA);
  - the representative of the Chamber of Agriculture, Fisheries, Livestock and Forestry (CAPEF);
  - the representative of the Professional Association for Credit Institutions in Cameroon (APECCAM);
  - the representative of the National Association for Microfinance Institutions in Cameroon (ANEMCAM);
  - the representative of the Association for Insurance Companies in Cameroon (ASAC)
  - any other person by virtue of his/her competence.

### **I.2.2.2. The Regulatory Committee, in charge of studies on banking regulation**

That Committee is made up of:

- **President:** The Director General of the Treasury, Financial and Monetary Cooperation (DGTCFM) in the Ministry of Finance.

- **Members :**
  - The Deputy National Director of BEAC in charge of coordinating the activities of the NEFC General Secretariat;
  - the representative of the Ministry of Finance;
  - the representative of the Ministry of Justice;
  - the representative of the Ministry of the Economy, Planning and Regional Development (MINEPAT);
  - the representative of the Ministry of Mines, Industry and Technological Development (MINMITD);
  - the representative of the Auditors' Chamber;
  - the representative of the Bank of Central African States (BEAC Central Services);
  - the representative of the General Secretariat of the Central African Banking Commission (COBAC);
  - the representative of the Financial Market Supervisory Commission for Central Africa (COSUMAF);
  - the representative of the Central African Stock Exchange (BVMAC);
  - the representative of the Cameroon Inter-Employers Organization (GICAM);
  - the representative of the Chamber of Commerce, Industry, Mines and Crafts (CCIMA);
  - the representative of the Chamber of Agriculture, Fisheries, Livestock and Forestry (CAPEF);
  - the representative of the Professional Association for Credit Institutions in Cameroon (APECCAM);
  - the representative of the National Association for Microfinance Institutions in Cameroon (ANEMCAM);
  - the representative of Association for Insurance Companies in Cameroon (ASAC)
  - the Head of Department in charge of the NEFC General Secretariat;
  - Any other person by virtue of his/her competence.

### **I.2.2.3. Currency and Credit Report Committee, in charge of preparing the Report on Currency, Credit and the Functioning of the Banking and Financial System**

This Committee is made up of:

- **President:** the National Director of BEAC.
- **Members :**
  - the Deputy National Director of BEAC in charge of coordinating the activities of the NEFC General Secretariat
  - the representative of the Ministry of Finance (MINFI);
  - the representative of the Ministry of the Economy, Planning and Regional Development (MINEPAT);

- the representative of the Ministry of Mines, Industry and Technological Development (MINMIDT);
- the representative of the National Institute of Statistics (NIS);
- the representative of the National Directorate of the Bank of Central African States for Cameroon;
- the representative of the Bank of Central African States (BEAC Central Services);
- the representative of the General Secretariat of the Central African Banking Commission;
- the Head of Department in charge of the NEFC General Secretariat;
- the representative of the National Insurance Directorate at the Ministry of Finance;
- the representative of the Professional Association for Credit Institutions in Cameroon (APECCAM);
- the representative of the Professional Association for Insurance Companies;
- the representative of the National Association for Microfinance Institutions in Cameroon (ANEMCAM).

In addition to those technical committees, there is an Arbitration Commission set up as per Order No. 000005/MINFI of January 13<sup>th</sup>, 2011 to establish the Guaranteed Minimum Banking Service.

### **I.2.3. The General Secretariat of the National Economic and Financial Committee**

The General Secretariat of the Committee is the executive body of the NEFC. It is coordinated by the Secretary General, who is responsible for the preparation and follow-up of the implementation of the NEFC decisions.

To that end, the NEFC General Secretariat is structured as follows, under five (05) sections:

- Accounting and Management Section;
- Banking and Finance Section;
- Economics and Statistics Section;
- Legal Section;
- Computer and Communication Section.

**Box 1.2: Organizational chart of the General Secretariat of the National Economic and Financial Committee as at December 31<sup>st</sup>, 2020**

<b>Secretary General</b>	<b>Blaise Eugène NSOM</b> , BEAC National Director
<b>1<sup>er</sup> 1st Deputy National Director of the BEAC</b>	<b>Achille ZOGO NKADA</b>
<b>Head of Department :</b>	<b>Robert Christian Serge MEBENGA M'ENAM</b>
<b>Executive Assistant :</b>	<b>Anne Marie ETITANE ONDOUA</b> , Secretary
<b>Coordinator :</b>	<b>Félix FAHA</b> , Head of Division
<b>Accounting and Management Section</b>	<b>Alfred ASHU</b> , Accountant
<b>Banking and Finance Section :</b>	<b>Joseph EVAGLE DIME</b> , Economist, Head of Section <b>Sonia WANKO</b> , Economist <b>Cecile Sandrine ALIGUI</b> , Financial Analyst <b>Doris Hortense ADA</b> , Financial Analyst <b>Franck Sigfried ABATE EDI'I</b> , Financial Analyst
<b>Economics and Statistics Section :</b>	<b>Gaston DIKWE</b> , <b>Statistical Engineer</b> , Head of Section <b>Sylvia ABAH ABOMO</b> , Administrative Officer <b>Christophe Raoul BESSO</b> , Econometer <b>Christopher BABILA GWANMESIA</b> , Financial Auditor
<b>Legal Section :</b>	<b>Jean Parfait BEKONO MBASSA</b> , Jurist, Head of Section <b>René Christian MBIDA ONANA</b> , Financial Analyst
<b>Computer and Communication Section :</b>	<b>Georges Yannick KEEDI GOUIFFE</b> , Computer Engineer, Head of Section <b>Herman Albert MEKONTSO TCHINDA</b> , Computer Engineer

## II. ACTIVITIES OF THE NATIONAL ECONOMIC AND FINANCIAL COMMITTEE

### II.1. Objectives assigned to the NEFC

The activities of the NEFC are focused on the following nine (09) points:

**Strategic Objective No 1:** Study and propose all general measures likely to : (i) ensure the coordination of national economic policy with the Community monetary policy; (ii) stimulate the mobilization of national savings by the banking and financial system; (iii) promote financial inclusion; (iv) improve the accessibility, transparency and understanding of information intended for consumers of financial services; (v) optimize the allocation of the State internal resources for the achievement of economic objectives; (vi) strengthen the security and efficiency of the banking and financial system and improve the organization of its methods:

**Strategic Objective No 2:** Express opinions on i) draft regulations and decisions issued by BEAC, COBAC or COSUMAF or any other body acting in a field within their competence; ii) credit policy guidelines and the funding of economic programmes; iii) the conditions for domestic and external loans issued by the State and public administrations; iv) the financial behaviour of non-financial agents and v) direct or indirect State financial interventions, such as the acquisition or sale of public shareholdings, subsidies, tax benefits and the granting of guarantees.

**Strategic Objective No 3:** Express opinions on draft legislative or regulatory instruments relating to the activity of credit, microfinance and payment institutions as well as of insurance companies, in particular with regard to: i) the conditions for networks implantation, in particular the opening and closing of branches and sales points; ii) the operating conditions applying to those institutions, in particular, the conditions applying to customer service; iii) the publication of those institutions accounts; iv) the terms and conditions for competition and v) the organization of services that are shared by the profession.

**Strategic Objective No 4:** Express opinions on individual decisions or on agreements, authorizations or waivers to be taken by the Ministry in charge of currency and credit takes or grants by virtue of the banking regulations within CEMAC, subject to the attributions falling under the competence of COBAC.

**Strategic Objective No 5:** Register licensed credit, microfinance and payment institutions, update and publish the lists of those structures in official newspapers.

**Strategic Objective No 6:** Create and administer national registries on movable and immovable securities as well as tariffs for banking services.

**Strategic Objective No 7:** Calculate and publish, under the modalities set by BEAC, the annualized percentage rate (APR) and national average usury thresholds as well as the financial services price index in accordance with the relevant regulations within the CEMAC zone.

**Strategic Objective No 8:** Produce a report on currency, credit and the functioning of the banking and financial system, as well as on the performance of its mission, intended for the President of the Republic, the President of the Senate, the President of the National Assembly,

the President of the Economic and Social Council, the Head of Government and all members of the NEFC.

**Strategic Objective No 9:** Produce and publish annual reports on the trend in banking practices as regards the pricing of financial services, as well as periodical financial sector study reports, educational tools for information on bank charges and financial services, in order to ensure their transparency and comparability.

## II.2. Sessions of the National Economic and Financial Committee (NEFC) and of technical committees

During the year 2020, the NEFC held three sessions on May 4<sup>th</sup>, July 13<sup>th</sup>, and November 9<sup>th</sup> 2020. The topics discussed and the related resolutions are as follows:

### II.2.1. Committee of May 4<sup>th</sup>, 2020

The files examined during the May 4<sup>th</sup> session are presented in Table 2.1

**Table 2.1:** Files examined during the May 4<sup>th</sup> session

Files	Resolutions
<b>Minutes of the Session of the National Credit Council (NCC) held on November 25th, 2019 and the of Meeting of the Monetary and Financial Committee held on November 11th, 2019</b>	The Committee adopted the said minutes, subject to the incorporation, therein, of the comments made by members.
<b>Note on the setting up of the National Economic and Financial Committee (NEFC) of Cameroon</b>	The Committee took note of the effective setting up of the National Economic and Financial Committee of Cameroon as from March 12 <sup>th</sup> , 2020
<b>Draft Internal Rules and regulations of the NEFC</b>	The Committee adopted the Internal Rules and Regulations of the National Economic and Financial Committee (NEFC)
<b>Draft Creation of Technical Committees within the NEFC</b>	The creation of the following technical committees of the NEFC was adopted: <ul style="list-style-type: none"> <li>- Regulatory Committee</li> <li>- Committee on Economic and Financial Studies</li> <li>- Committee on the Report on currency, Credit and the Functioning of the Financial System.</li> </ul> To that end, the Committee recommended to the Secretary General to transmit the relevant decision to the Minister of Finance, President of the NEFC, for signature.
<b>Draft Organization Chart of the NEFC General Secretariat:</b>	The Committee adopted the organization chart of the NEFC General Secretariat
<b>Programme of activities of the NEFC</b>	The Committee adopted the NEFC programme of activities for the year 2020, and recommended to the NEFC General Secretariat to take all the necessary steps for its implementation
<b>NEFC Draft Budget</b>	The Committee adopted its budget for the year 2020, with resources and expenditures set at CFAF 736,182,145

## II.2.2. Committee of July 13<sup>th</sup>, 2020

The files examined during the July 13<sup>th</sup>, 2020 session are presented in Table 2.2

**Table 2.2:** Files examined during the July 13<sup>th</sup>, 2020 session

<b>Files examined</b>	<b>Resolutions</b>
<b>Minutes of the NEFC meeting of May 4<sup>th</sup>, 2020 :</b>	The NEFC adopted the minutes of its May 4 <sup>th</sup> , 2020 meeting;
<b>Implementation of previous resolutions</b>	After assessing the level of progress in the implementation of resolutions, the Committee: <ul style="list-style-type: none"> <li>- took note of the implementation of the NEFC resolutions of May 4<sup>th</sup>, 2020,</li> <li>- recommended to the Secretary General of the NEFC, for the next sessions, to include in the matrix of resolutions implementation, a column on the state of progress for each of them.</li> </ul>
<b>Report on currency, credit and the functioning of the financial system for the year 2019</b>	The Committee adopted the report on Currency, Credit and the Functioning of the Financial System for the year 2019, and recommended to the General Secretariat to forward it to the Minister of Finance, President of the NEFC, for further action.
<b>2019 Annual report of the NEFC</b>	The Committee adopted the NEFC Annual Report for the year 2019, and recommended to the General Secretariat to publish it.
<b>Study on the development of the financial sector in Cameroon over the 2014-2018 period</b>	The Committee took note of the study on the development of the financial sector in Cameroon over the 2014-2018 period, adopted the Terms of Reference for the preparation of a plan for the development of that sector, and recommended to the Secretary General to present the said plan to the Committee during the 2021 financial year.
<b>Communication plan on the NEFC IT platform</b>	The Committee: <ul style="list-style-type: none"> <li>- adopted the communication plan on the NEFC IT platform,</li> <li>- recommended to the Secretary General to implement it, evaluate the impact of the said communication on the target audience six (06) months after its launching, and report back thereon.</li> </ul>
<b>Currency market situation as at May 31<sup>st</sup>, 2020</b>	The Committee took note of the money market situation as at May 31 <sup>st</sup> , 2020, as well as that of the credit institutions as at March 31 <sup>st</sup> , 2020.
<b>Resolution No. 6 of the Central African Monetary Union (UMAC) Ministerial Committee of July 3<sup>rd</sup>, 2020</b>	The Committee recommended to the General Secretariat of the NEFC to assist the State of Cameroon in implementing Resolution No. 6 of the Central African Monetary Union (UMAC) Ministerial Committee of July 3 <sup>rd</sup> , inviting CEMAC Member States that have not yet transmitted the list of enterprises whose capital is to be listed on the stock exchange to do so as soon as possible, in view of the effective implementation of the CEMAC Regulation relating to the introduction, on the stock exchange, of States and related agencies shareholdings.



### II.2.3. Committee of November 9th, 2020

During November 9<sup>th</sup> 2020 session, the following files were examined.

**Table 2.3:** Files examined during the November 9<sup>th</sup>, 2020 Committee session

<b>Files examined</b>	<b>Resolutions</b>
<b>Minutes of the ordinary session of July 13<sup>th</sup>, 2020</b>	The Committee adopted the said minutes, subject to the incorporation, therein, of the comments made by members
<b>Organization of a consultation with CCIMA, GICAM, DGTFMC, BEAC, APECCAM and ANEMCAM</b>	The NEFC recommended to the Secretary General to organize a consultation with CCIMA, GICAM, DGTFMC, BEAC, APECCAM and ANEMCAM, in view of identifying additional decisions to be taken in order to render more effective the support measures to the private sector taken by the public authorities and to assist the banking profession as part of the response to the COVID-19 pandemic
<b>Situation of credit institutions and guarantees issued by insurance companies</b>	The NEFC took note of the situation of credit institutions and recommended that data on guarantees issued by insurance companies be reported as soon as possible.
<b>Draft letter to the Minister of Trade</b>	The Committee recommended to the Secretary General to submit to the Minister of Finance, for signature, a draft letter to the Minister of Trade requesting that he organizes the representation, within the NEFC, of consumer associations for financial products and services.
<b>Note on the implementation of the NEFC budget for the year 2019 and recommendations</b>	The Committee adopted the note on the implementation of the budget for the year 2019 and recommended to the Secretary General to: <ul style="list-style-type: none"> <li>- computerize the Secretariat General accounts before the end of the 2020 financial year;</li> <li>- revise the accounting nomenclature so as to attach each item of expenditure to the appropriate budget heading.</li> </ul>
<b>EGR plausibility check report for the first half of the year 2020, and recommendations;</b>	The Committee took note of the Annualized percentage rate (APR) plausibility check report for the first half of the year 2020, and instructed the General Secretariat to: <ul style="list-style-type: none"> <li>- remind the relevant institutions of the recommendations made at the end of the mission, and apply sanctions for cases of repeated non-compliance.</li> <li>- Provide institutions with the NEFC technical assistance at their request;</li> <li>- carry out an awareness raising campaign among consumers of financial services on the method of calculating the APR as well as the usury rate, and make available a simulator for calculating the APR on the NEFC website.</li> </ul>
	The Committee: <ul style="list-style-type: none"> <li>- adopted the draft General Decision requesting insurance companies to report on guarantees issued on the NEFC IT platform, and recommended to the Secretary General to submit it to the Minister of Finance, President of the NEFC, for signature;</li> </ul>

<b>Level of progress of ongoing studies :</b>	- Took note of the level of progress of ongoing studies and recommended to the General Secretariat to take the necessary steps to: i) extract, centralize and share information on securities issued by insurance companies in the CIP-FIBANE-CASEMF platform; ii) launch discussions on prudential standards relating to the activity of issuing securities in Cameroon; iii) continue discussions on drawing up a development plan for the financial sector in Cameroon
<b>Note on the currency market situation during the period from June to September 2020</b>	The NEFC, meeting in ordinary session on Monday, November 9 <sup>th</sup> , 2020, took note of the document presented on the currency market situation during the period from June to September 2020

## II.2.4. Technical committee sessions and meetings with other administrations

### II.2.4.1. Technical Committee Sessions

The activities carried out by the technical committees during the year 2020 are presented in the table below:

**Table 2.4:** Technical committee sessions

<b>Committees</b>	<b>Topics handled</b>
<b>Committee on Economic and Financial Studies</b>	<b>Session of February 19<sup>th</sup>, 2020:</b> Appraisal of the draft Terms of Reference (TOR) of the study on the review of Cameroon financial sector development plan
	<b>Session of May 28<sup>th</sup>, 2020:</b> Preparation of the draft financial sector development plan of Cameroon
	<b>July 29<sup>th</sup>, 2020 session:</b> Preparation of the draft development plan for the financial sector in Cameroon.
	<b>August 28<sup>th</sup>, 2020 session:</b> Concertation meeting of August 7 <sup>th</sup> , 2020 on the implementation of resolution n°8 of the July 13 <sup>th</sup> , 2020 NEFC session.
	<b>October 28<sup>th</sup>, 2020 session:</b> Meeting of the steering committee in charge of following up the implementation of a guarantee fund for small and medium-sized enterprises in Cameroon.
	<b>October 29<sup>th</sup>, 2020 session:</b> Meeting of the Economic and Financial Studies Committee on the presentation of the results of the work of phases 0 and 1 of the study on the preparation of a development plan for the financial sector in Cameroon.
<b>Steering Committee of the NEFC IT platform</b>	<b>Sessions of May 28<sup>th</sup>, June 18<sup>th</sup>, and July 24<sup>th</sup>, 2020:</b> Examination of the draft communication plan on the NEFC IT platforms.
	<b>January 28<sup>th</sup>, 2020 session:</b> Urgent actions to be defined for data collection for the production of the 2019 report <ul style="list-style-type: none"> <li>- Review of delivery times and various contributions;</li> <li>- Work assignment and next steps</li> </ul>

<b>Committees</b>	<b>Topics handled</b>
<b>Committee of the report on currency and credit</b>	<b>May 19<sup>th</sup>, 2020 session:</b> Review of the first draft of the report.
<b>Regulatory Committee</b>	<b>November 3<sup>rd</sup>, 2020 session:</b> Review of the draft Decision creating an Insurance Commission within the NEFC.
<b>BMGS Arbitration Committee</b>	No session was convened during the year

#### **II.2.4.2. Secretary General Audiences**

**24-12-2020:** Audience of the Secretary General granted to the CEO of OVAMBA, an American FINTECH enterprise. The working session focused on the architecture of OVAMBA and the solutions proposed by OVAMBA to solve the cash flow problems encountered by economic agents in Central African countries.

#### **II.2.4.3. Technical meetings**

**28-01-2020:** Meeting with the International Finance Corporation (IFC). That institution is planning to support BEAC in its mission of developing a stable and sound financial system.

**25-02-2020:** Meeting of the working group in charge of the calculation of the average cost of bank resources for the year 2019.

**27-02-2020:** Working session with ITFC about the evaluation of the possibility of accompanying Cameroon in the development of Islamic finance.

**18-06-2020:** Concertation meeting with the National Directorate for Insurance.

**07-08-2020:** Concertation meeting on the implementation of resolution n°8 of the July 13<sup>th</sup>, 2020 NEFC session.

**28-11-2021:** Meeting of the Steering Committee in charge of monitoring the implementation of a Guarantee Fund for Small and Medium-Sized Enterprises in Cameroon.

#### **II.2.4.4. Seminars and conferences**

**25-08-2020:** The launching ceremony of the campaign to disseminate information on the NEFC IT platform was held at the Yaounde Hilton Hotel on Tuesday August 25<sup>th</sup>, 2020 as from 10.30 a.m., under the chairmanship of Mr. Louis Paul MOTAZE, Minister of Finance, President of the National Economic and Financial Committee.

**08 to 09-12-2020:** Attendance, by the NEFC General Secretariat, of the sub-regional workshop to launch the project to develop a regional strategy for financial inclusion within CEMAC.

### II.3. Missions

During the year 2020, the NEFC teams carried out some work and control on reporting entities.

**Table 1.5:** Field work and control

<b>Periods</b>	<b>Diligence</b>
February 17 <sup>th</sup> , to March 6 <sup>th</sup> , 2020	Control and verification of banking conditions
February 19 <sup>th</sup> , to 21 <sup>st</sup> , 2020	Attendance of the national workshop on CROWNFUNDING in Douala.
February 23 <sup>rd</sup> , to March 7 <sup>th</sup> , 2020	Missions related to the deployment of the CIP-FIBANE-CASEMF platform.
March 22 <sup>nd</sup> o 28 <sup>th</sup> , 2020	Data collection on the microfinance sector as at the end of December 2019.
July 25 <sup>th</sup> , to August 27 <sup>th</sup> , 2020	Finalization of the collection of the APR and the UR for the second half of 2020 from reporting entities in the city of Yaounde
August 23 <sup>rd</sup> , to September 19 <sup>th</sup> , 2020	Finalization of the collection of the APR and the UR for the second half of the year from reporting entities in the city of Douala.
September 20 <sup>th</sup> to October 3 <sup>rd</sup> , 2020	Quarterly quantitative survey on lending costs and conditions in CEMAC and <b>IPSF</b> in Douala.
September 30 <sup>th</sup> , to October 10 <sup>th</sup> , 2020	Evaluation of MFIs management in Yaounde, Douala, Maroua, Garoua
From September 27 <sup>th</sup> , to October 14 <sup>th</sup> , 2020	Quarterly qualitative survey on lending costs and conditions in the CEMAC.
November 10 <sup>th</sup> , to 25 <sup>th</sup> , 2020	Technical assistance to UBA in using the APR and linking it to its banking software
November 29 <sup>th</sup> , to December 22 <sup>nd</sup> , 2020	Campaign to disseminate information on the NEFC computer platforms in the city of Douala.

### II.4. Assessment of the 2020 activity programme

Several activities were included in the NEFC activity programme for the year 2020. The assessment of progress in their implementation is presented in table 2.6 hereunder.

**Table 2.6:** Matrix for assessing the implementation of NEFC activities in 2020

Objectives	Assessment	Comments
<b>Strategic Objective 1</b>		
Preparation of the financial sector development plan for Cameroon	Ongoing	An analysis of the causes of the poor performance of the financial sector was carried out by the Economic and Financial Studies Committee. Besides, a letter was sent to the World Bank to seek its support for the preparation of a financial sector development plan for Cameroon.
Study on guarantees issued by insurance companies	Ongoing	The General Decision No 11 of January 15 <sup>th</sup> , 2021 extending reporting, on the NEFC IT platform, to insurance companies and payment companies was signed by the Minister of Finance, President of the NEFC.
Study on the assessment of existing SMEs support programmes and mechanisms in Cameroon	Not carried out	The activity was not carried out, mainly due to the occurrence of the COVID-19 pandemic health crisis, and has been rescheduled for 2021.
Continued assessment of microfinance institutions management	Carried out	Due to the occurrence of the COVID-19 pandemic, only 10 institutions including 8 category 2 MFIs and 2 category 3 MFIs were assessed.
Follow-up to the organization of the National Crowdfunding Workshop	Carried out	The NEFC General Secretariat took part in the National Workshop on Crowdfunding organized in Douala by the Ministry of Finance in February 2020.
Setting up a guarantee fund for SMEs	Ongoing	<p>The Minister of Finance, President of the NEFC, signed the General Decision No. 875 of 24/09/2020 creating the Steering Committee responsible for monitoring the setting up of SME guarantee fund for SMEs in Cameroon.</p> <p>The said Committee effectively started its work in November 2020. Under the said work, the World Bank prepared for the study the draft Terms of Reference</p>

Objectives	Assessment	Comments
		that have already been reviewed by the Committee.
Continuation of the 2 <sup>nd</sup> phase of the study on e-money	<b>Not carried out</b>	These activities were not carried out, mainly due to the occurrence of the COVID-19 pandemic health crisis, and have been rescheduled for 2021.
Analysis of the trend in Banks bad loans	<b>Not carried out</b>	
Further analysis of the trend in money supply in relation to the trend in inflation, domestic debt and growth	<b>Not carried out</b>	
Continued support for the implementation of the National Strategy for Inclusive Finance in Cameroon	<b>Not carried out</b>	
Feasibility study on the setting up of a clearing mechanism for the securities issued by MFIs	<b>Not carried out</b>	
Sensitization seminar-workshop Law No. 2019/021 of December 24 <sup>th</sup> , 2019 to lay down some rules governing credit activity in the banking and microfinance sectors in Cameroon	<b>Not carried out</b>	
<b>Strategic objective 2</b>		
Setting up the database for joint management of foreign trade operations among BEAC, licensed intermediaries and the operational departments of the Ministry of Finance (BEBAFISCE)	<b>Ongoing</b>	The terms of reference for the project to set up a database for the joint management of foreign trade operations among BEAC, licensed intermediaries and the operational departments of the Ministry of Finance (BEBAFISCE) were prepared and finalized by the technical team set up for that purpose. The work has not been carried on due to the priorities of the NEFC during the year 2020.
<b>Strategic objective 3</b>		
Opening of branches	<b>Not carried out</b>	The President of the NEFC issued authorizations for the opening of 21 branches of microfinance institutions and 9 branches of credit institutions.
<b>Strategic objective 4</b>		

Objectives	Assessment	Comments
Activities are formulated upon request		No activity was carried out during the year
<b>Strategic objective 5</b>		
Registration of reporting institutions	<b>Carried out</b>	4 MFIs were registered in the NEFC Special Registry in 2020
<b>Strategic Objective 6</b>		
Dissemination of information and awareness raising among the general public about the existence and usage of the NEFC information centralization tools on customers.	<b>Ongoing</b>	<p>The plan to disseminate information on the NEFC IT platform was adopted by the members of the NEFC during its July 13<sup>th</sup>, 2020 session. The launching ceremony for that campaign was held on August 25<sup>th</sup>, 2020 at the Hilton Hotel in Yaounde, under the chairmanship of the Minister of Finance, President of the NEFC.</p> <p>In compliance with the actions plan matrix, a sensitization and training seminar for reporting institutions in the Littoral and South-West Regions was organized in Douala during the period from 30 November 30<sup>th</sup>, to December 21<sup>st</sup>, 2020.</p>
Continued deployment of the view on mortgage securities in category 1 MFIs	<b>Ongoing</b>	
Study on the impact of the consultation of the CIP-FIBANE-CASEMF platform and the CREMF on reporting institutions loan portfolios quality	<b>Not carried out</b>	That study has been rescheduled for 2021 in combination with that on the impact of the extension of the NEFC IT platform recommended by the NEFC members during its July 13 <sup>th</sup> , 2020 session.
Plausibility check of data tele-reported on the CIP-FIBANE-CASEMF platform and the CREMF	<b>Not carried out</b>	
Continued deployment of applications for collecting and centralizing financial data on banking, microfinance and payment institutions customers as well as on insurance companies customers	<b>Not carried out</b>	These activities were not carried out, mainly due to the occurrence of the

<b>Objectives</b>	<b>Assessment</b>	<b>Comments</b>
Consistency check of securities	<b>Not carried out</b>	COVID-19 pandemic health crisis, and have been rescheduled for 2021.
Updating of the corporate scoring model in FIBANE and development of customer scoring for MFIs	<b>Not carried out</b>	
Setting up a bank charges benchmarking in Cameroon	<b>Not carried out</b>	
<b>Strategic objective 7</b>		
Deployment of the APR calculation application in view of the calculation of the microfinance sector Usury Rate (UR) and plausibility check of the data teleported in the application for calculating and archiving the APR and the UR.	<b>Ongoing</b>	This activity was started and will continue in 2021, with the ambition of publishing the APRs and URs for category 1 MFIs.
Calculation and monitoring of APRs and Usury Rates (URs) for credit institutions	<b>Carried out</b>	This activity was completely carried out. The APRs and the usury thresholds of credit institutions have been published. It will also be carried out in 2021 as per the provisions of the new Regulation No 04/19/CEMAC/UMAC/CM of August 10 <sup>th</sup> , 2020 relating thereto.
Calculation and monitoring of the Financial Services Price Index (FSPI).	<b>Carried out</b>	Activity conducted and covering the year 2019, and the first two quarters of the year 2020, in combination with the study on loan granting and lending rates. Data for the remaining quarters of 2020 will be collected and analyzed during 2021.
Plausibility checks of the data teleported in the application for calculating and archiving APRs and URs during the second half of 2019.	<b>Carried out</b>	This activity was completely carried out. The press release on average APRs and usury rates for credit and category 2 microfinance institutions was published on the NEFC website and in Cameroon Tribune.
<b>Strategic Objective 8</b>		
Production of the report on currency, credit and the functioning of the financial system, as well as on the fulfilment of its mission for the year 2019	<b>Carried out</b>	The report on currency and credit for the year 2019 was produced and sent to the Minister of Finance for transmission to the President of the Republic. That report was translated into English.
Production of the 2019 annual report	<b>Carried out</b>	



Objectives	Assessment	Comments
		The 2019 annual report for the NEFC was produced and translated into English.
<b>Specific Objective 9</b>		
Setting up a bank charges benchmarking in Cameroon	<b>Ongoing</b>	The draft Terms of Reference for the study have already been prepared by the General Secretariat
Annual survey on the pricing of services by reporting entities (credit, payment and microfinance institutions, financial companies, stock exchange, portfolio management and insurance companies)	<b>Not carried out</b>	The activity was not carried out, mainly due to the occurrence of the COVID-19 pandemic health crisis, and has been rescheduled to 2021.
Checking banks' compliance with the Minimum Guaranteed Banking Service (MGBS)	<b>Not carried out</b>	The General Secretariat of the NEFC carried out a mission to monitor and verify the banking conditions applied to customers and the MGBS charged during the first quarter of 2020. A report was produced and examined by the MGBS Arbitration Commission.

## **II. WORK AND THEMATIC STUDY CARRIED OUT BY THE GENERAL SECRETARIAT**

During the year 2020, the General Secretariat carried out work on i) the assessment of the situation of credit institutions, ii) the assessment of the microfinance sector, iii) the management of the NEFC IT platform, iv) and the study on the social performance of microfinance institutions

### **III.1. Assessment of the banking sector situation**

#### **II.1.1. Situation of the banks**

As at December 31<sup>st</sup>, 2020, Cameroon had fifteen (15) banks with three hundred and twenty-eight (328) branches and a balance sheet total of 6472.2 billion. The amount of deposits is 4,890.5 billion while that of loans stands at 3,242.5 billion.

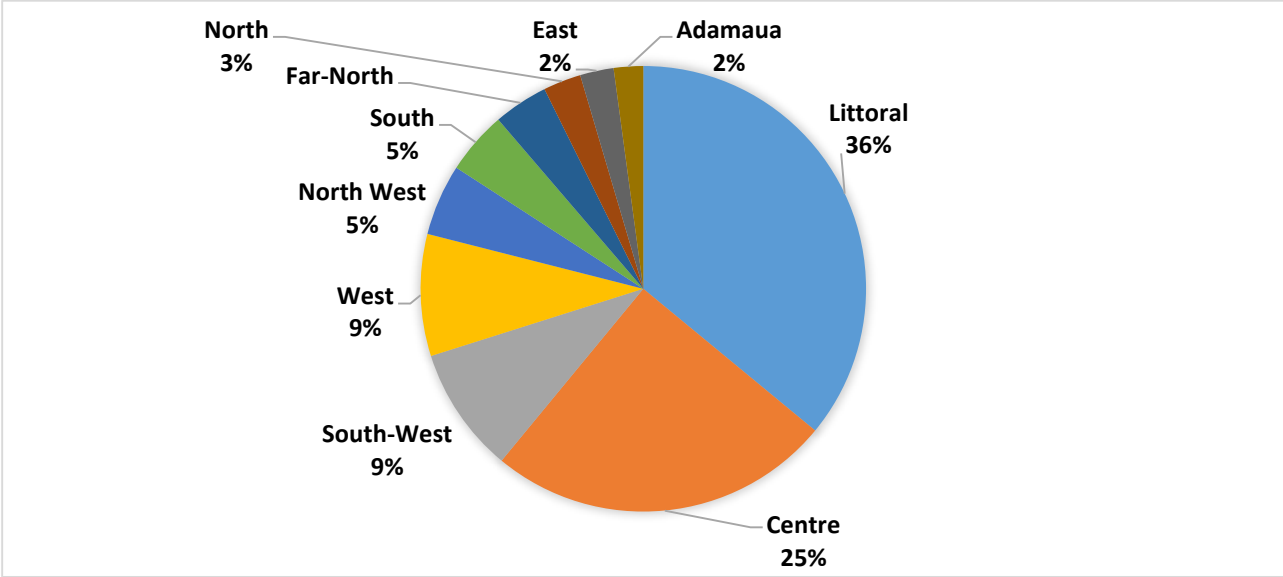
##### **III.1.1.1. Mapping**

###### **III.1.1.1.1. Banking network**

The banking network in Cameroon covers the national territory as follows:

- Littoral: one hundred and eighteen (118) branches;
- Centre : eighty-two (82) branches ;
- South West: thirty (30) branches;
- West: twenty-nine (29) branches;
- North West: seventeen (17) branches;
- South : fifteen (15) branches ;
- Far North: thirteen (13) branches;
- North: nine (09) branches;
- East : eight (08) branches ;
- Adamaoua: seven (07) branches.

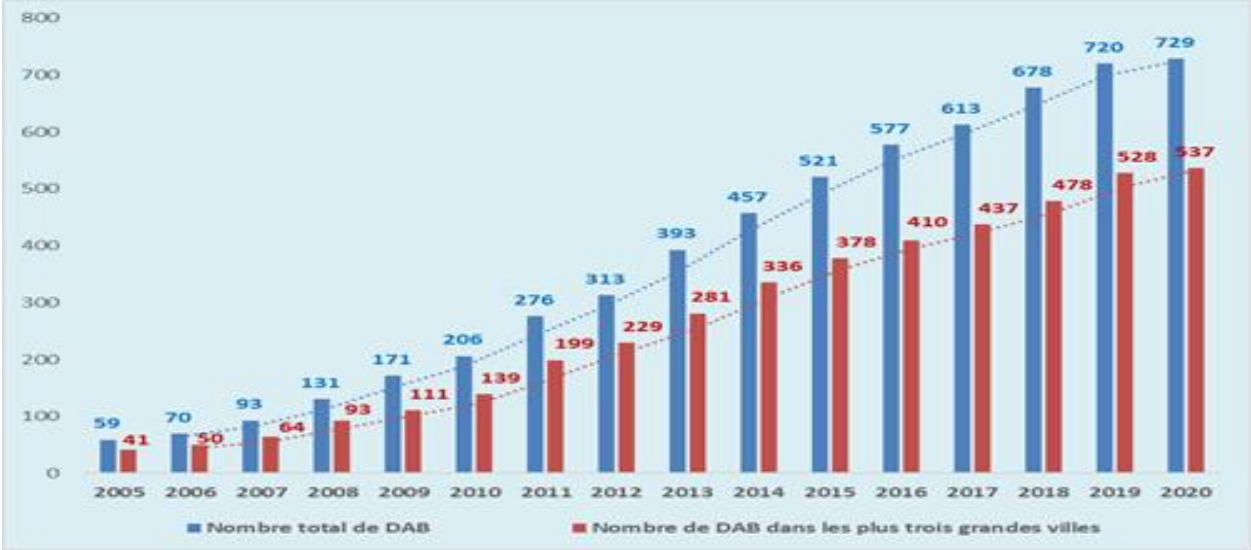
Figure 3.1: Percentage of bank branches per region



Source: CERBER

Banking Institutions have continued to significantly expand their Automated Teller machines (ATMs) networks, in view of modernizing and improving the quality of customer services. The number of ATMs rose from 720 in 2019 to 729 in 2020, thus increasing by 1.3%. The largest cities, namely Yaounde, Douala and Bafoussam, alone account for 73.7% of those ATMs.

Figure 3.2: Trend in the number of Automated Teller Machines (ATMs)



Source: NEFC, banks reporting

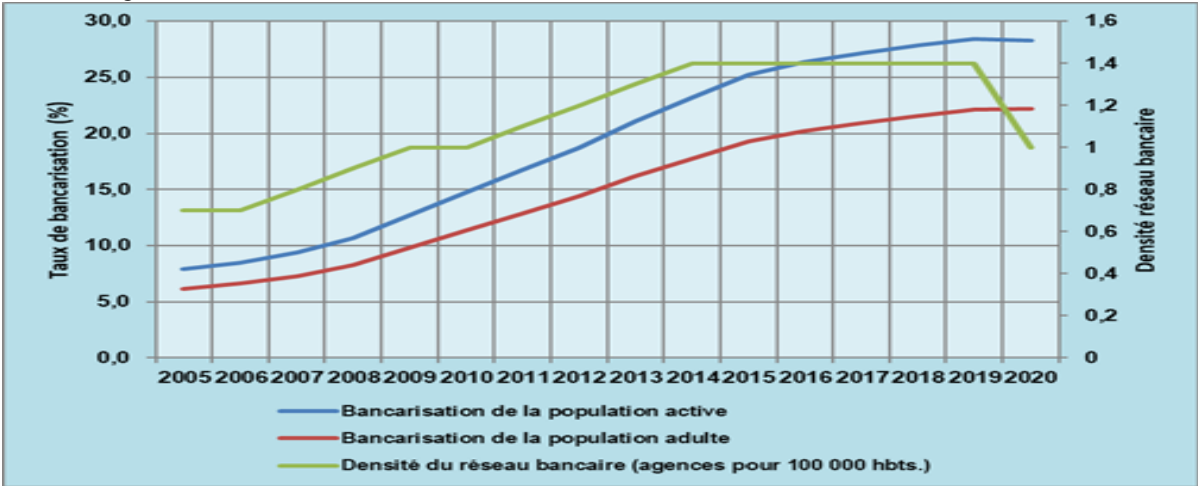
**III.1.1.1.2 Population Access Rate to Banking Services**

Over the past decade, the working population access rate to banking services in the strict sense has improved considerably. It reached 28.3% in 2020, although slightly lower than in 2019 (28.4%). As compared to 2010, that represents an improvement of 13.5 points over ten years, which is equivalent to average improvement of 1.4 percentage points per year over the period. That of the adult population has improved slightly, rising from 22.1% in 2019 to 22.2% in 2020, after 11.3% in 2010, which represents an improvement of 10.9 points in ten years. The density

of the banking network, on the other hand, has fallen to one branch per 100 000 inhabitants in 2020 (due to the greater increase of the population than that of branches), after having stabilized at 1.4 branches per 100 000 inhabitants from 2014 to 2019.

In a broad sense<sup>1</sup>, those indicators also evolved increasingly over the same period. Reflecting the reality of the Cameroonian financial system where microfinance institutions play an important role, the active population access to banking services in the broad sense shows much higher values than those in the strict sense.

**Figure 3.3:** Trend in the working population access rate to banking services and in the density of the banking network in the strict sense



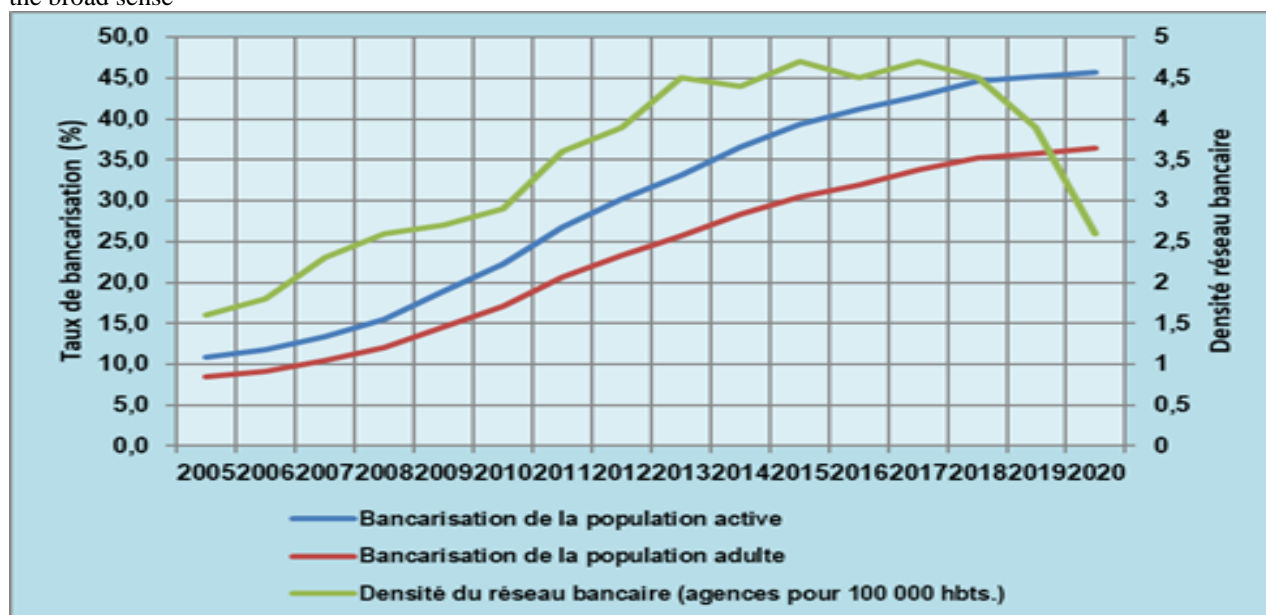
Source: NEFC

In fact, the rate of the working population access to banking services in the broad sense rose by an average of 2.3 points between 2010 and 2020. It reached 45.7% in 2020 against 45.1% in 2019, after 22.3% in 2010, thus increasing by 23.4 points in 10 years. The rate of the adult population access to banking services in the broad sense of the term rose from 17.1% in 2010 to 36.5% in 2020, thus representing an average annual growth rate of 1.9 points.

As regards the density of the banking network in the broad sense, it fell significantly between 2019 and 2020, due to the closure of branches of some microfinance institutions as a result of the competition imposed by mobile money. The density of the banking network in the broad sense thus fell from 3.9 branches per 100 000 inhabitants in 2019 to 2.6 branches per 100 000 inhabitants in 2020.

<sup>1</sup> In a broad sense, the population access to banking services indicators include microfinance statistics.

**Figure 3.4:** Trend in the population access rate to banking services and of the density of the banking network in the broad sense



Source: NEFC

**Table 3.1:** population access rate to banking services and density of the banking network

Population Access Rate to Banking Services in the strict sense (Banks only)			
	Working Population Access Rate to Banking Services (%)	Adult Population Access Rate to Banking Services (%)	Density of the banking network (Number of branches per 100,000 inhabitants)
2010	14.8	11.3	1.0
2011	16.8	12.9	1.1
2012	18.8	14.4	1.2
2013	21.1	16.2	1.3
2014	23.2	17.7	1.4
2015	25.2	19.3	1.4
2016	26.3	20.2	1.4
2017	27.2	21.0	1.4
2018	27.8	21.5	1.4
2019	28.4	22.1	1.4
2020	28.3	22.2	1.0
Population access Rate to Banking Services in the broad sense(banks, financial institutions, CAMPOST, microfinance institutions)			
	Working Population Access Rate to Banking Services (%)	Adult Population Access Rate to Banking Services (%)	Density of the banking network (Number of branches per 100,000 inhabitants)
2010	22.3	17.1	2.9
2011	26.8	20.6	3.6
2012	30.2	23.4	3.9
2013	33.1	25.7	4.5
2014	36.5	28.3	4.4
2015	39.4	30.5	4.7
2016	41.2	32.0	4.5
2017	42.8	33.7	4.7
2018	44.6	35.2	4.5
2019	45.1	35.8	3.9
2020	45.7	36.5	2.6

Source : NEFC

### III.1.1.2. Intermediation

As at December 31<sup>st</sup>, 2020, Afriland First Bank, SGC, BICEC and SCB remained the most important banks in the national banking system in terms of activity. In fact, as at that date, those four institutions accounted for 52.0% of the banking system total consolidated balance sheet, 54.3% of total loans and 54.5% of customer deposits.

The trend in banks activity is traced from their consolidated balance sheets, off-balance sheets and income statements for the years 2019 and 2020.

#### III.1.1.2.1. Balance sheet position

Between December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2020, banks' balance sheet total increased by 8.3%. On the assets side, that increase was largely due to the rise in cash and interbank transactions (+242.1 billion), customer transactions (+201.2 billion) and fixed assets (+111.7 billion). On the liabilities side, it was due to the increase in customers' transactions (+ 508.3 billion), and in fixed assets (+ 114.7 billion).

With regard to the delinquency situation of the loan portfolio, net bad debts rose sharply from 111.2 to 152.1 billion (+40.9 billion, thus increasing by 36.7%. The gross bad debts rate, that remains high, also increased from 15.4% to 16.6% (+1.2 points).

**Table 3.2:** Trend in banks' consolidated balance sheet

ASSETS	in billion CFA francs		Variation	
	2019	2020	Absolute (billion CFAF)	Relative (%)
<b>Amounts deductible from Investment capital</b>	<b>127.1</b>	<b>130.5</b>	3.4	2.7
<b>Fixed assets</b>	<b>450.2</b>	<b>561.9</b>	<b>111.7</b>	<b>24.8</b>
Including financial assets	231.6	335.3	103.7	44.8
<b>Transactions with customers</b>	<b>3,242.5</b>	<b>3,443.7</b>	<b>201.2</b>	<b>6.2</b>
Long-term loans	102.4	87.4	-15	-14.6
Medium-term loans	1,612.1	1,860.3	248.2	15.4
Short-term loans	914.2	965.2	51	5.6
Net bad debts	111.2	152.1	40.9	36.7
Customers receivable accounts	393.4	329.3	-64.1	-16.3
Other receivable amounts from customers	6.2	9.2	3	49.1
Unallocated amounts	75.3	9.5	-65.8	-87.4
Related receivables	27.7	30.6	2.9	10.6
<b>Miscellaneous operations</b>	<b>180.5</b>	<b>160.5</b>	<b>-20</b>	<b>-11.1</b>
<b>Treasury and interbank operations</b>	<b>2,472.1</b>	<b>2,714.2</b>	<b>242.1</b>	<b>9.8</b>
including investment and trading securities	1,000.1	1,376.5	376.4	37.6
<b>Balance sheet total assets</b>	<b>6,472.2</b>	<b>7,010.7</b>	<b>538.5</b>	<b>8.3</b>
	(In Billion F CFA)		Variation	
LIABILITIES	2019	2020	Absolute (billion CFAF)	Relative (%)
<b>Investment capital</b>	<b>718.3</b>	<b>833.0</b>	114.7	16.0
including equity	565.3	696.9	131.6	23.3
<b>Transactions with customers</b>	<b>4,890.5</b>	<b>5,398.8</b>	<b>508.3</b>	<b>10.4</b>
Special deposit accounts	375.8	434.1	58.3	15.5
Term deposit accounts	652.9	705.9	53	8.1
Current accounts payable	3,484.7	3,853.2	368.5	10.6
Other accounts payable	357.2	386.0	28.8	8.1
Related liabilities	20.0	19.5	-0.5	-2.4
<b>Miscellaneous operations</b>	<b>306.9</b>	<b>288.4</b>	<b>-18.5</b>	<b>-6.0</b>
<b>Treasury and interbank operations</b>	<b>556.5</b>	<b>490.5</b>	<b>-66</b>	<b>-11.9</b>
<b>Balance sheet total liabilities</b>	<b>6,472.2</b>	<b>7,010.7</b>	<b>538.5</b>	<b>8.3</b>

Source : CERBER

As illustrated in the table above, the volume of securities held by commercial banks increased by 37.6% in 2020 as compared to 67.5% in 2019, reflecting continued interest in that form of direct funding, despite weaker economic activity.

On the liabilities side, equity and deposits collected by banks once again increased under a strictly accounting approach, with increases by 131.7 and 508.3 billion respectively.

**Table 3.3:** Banks' cash position in the currency market (in billion)

	December 31 <sup>st</sup> , 2019	December 31 <sup>st</sup> , 2020	Variation (%)
Current accounts balance	842	752	-10.7
Available advance options	162	136	-16.0
Available cash	1,004	888	-11.6
Usage of advance payment options	26	64	146.2

**Source:** BEAC/Currency market

### III.1.1.2.2. Off-balance sheet situation

Following the strengthening of the regulations on foreign exchange within CEMAC, the contraction of foreign exchange transactions continued between ending 2019 and ending 2020. In fact, their volume fell from 100.5 to 45.0 billion (-55.2%).

Transactions with correspondents, leasing commitments, other commitments (currency market commitments, commitments received from the State, securities transactions, etc.), and transactions with customers increased by 13.6%, 3.9%, 51.7% and 1.5%, as against decreases by 7.7%, 5.9% and increases by 33.3% and 12.3% respectively in 2019.

**Table 3.4:** Banks' consolidated off-balance sheet situation (in billion)

Heading	(in billion CFA francs)			
	2019	2020	Year-on-year change in volume	Year-on-year change (in %)
<b>Operations with correspondents</b>	<b>767.5</b>	<b>872.1</b>	<b>104.6</b>	<b>13.6</b>
Commitments initiated by correspondents	281.4	271.4	-10.0	-3.6
Commitments received from correspondents	486.1	600.7	114.6	23.6
<b>Transactions with customers</b>	<b>4,276.4</b>	<b>4,341.2</b>	<b>64.8</b>	<b>1.5</b>
Commitments initiated by customers	1,299.2	1,188.1	-111.1	-8.5
Commitments received from customers	2,977.2	3,153.1	175.9	5.9
Pledges	535.5	556.2	20.7	3.9
Guarantees received from customers	476.0	558.9	82.9	17.4
Securities managed on behalf of customers	144.9	197.3	52.4	36.2
Other guarantees received from customers	1,047.2	1,003.1	-44.2	-4.2
<b>Leasing commitments</b>	<b>74.2</b>	<b>77.1</b>	<b>2.9</b>	<b>3.9</b>
Outstanding lease payments	5.8	6.2	0.5	8.0
Commitments received from customers	67.2	68.9	1.8	2.6
Lease commitments given to customers	0.7	1.4	0.7	95.6
Accruals and deferred income	0.6	0.6	0.0	1.2
<b>Foreign currency transactions</b>	<b>100.5</b>	<b>45.0</b>	<b>-55.5</b>	<b>-55.2</b>
Foreign exchange spot transactions	7.5	9.5	2.0	26.1
Forward foreign exchange transactions	92.6	45.0	-47.5	-51.3
Foreign currency loans and borrowings	0.0	0.0	0.0	-



Heading	(in billion CFA francs)			
	2019	2020	Year-on-year change in volume	Year-on-year change (in %)
deferral/shift	0.1	0.1	-0.1	-51.1
Currency adjustment account	0.3	0.2	0.0	-12.3
<b>Other commitments</b>	<b>2,345.8</b>	<b>3,557.8</b>	<b>1,211.9</b>	<b>51.7</b>
Currency market liabilities	65.7	85.6	19.9	30.3
Securities transactions	0.0	0.0	0.0	-
Commitments received from the State and specialised bodies	65.5	449.3	383.8	586.0
Doubtful commitments	447.3	677.6	230.3	51.5
Computer deferrals	1,767.3	2,345.3	577.9	32.7

**Source** : CERBER

### III.1.1.2.3. Profit and loss account

Net banking income (NBI) increased by 3.9% in 2020, as compared to 6.6% in 2019. That increase can be attributed to the improvement in margins on financial operations (+31.0 billion), margins on operations with customers (+7.6 billion), and margins on leasing and simple rental operations (+2.4 billion).

The current result decreased from 129.7 to 119.0 (-10.7 billion), as a result of the increase in provisions (+32.0 billion) and the decrease in bad debt losses (-20.5 billion).

Finally, with an exceptional result of -7.6 billion and an income tax of 26.4 billion, the banks' net result fell from 94.3 to 84.9 (-9.4 billion) thus decreasing by 10% year-on-year.

**Table 3.5:** Trend in the consolidated income statement of banks

	(in billion)			
	2019	2020	Variation in %	Variation in volume
<b>Margins on cash transactions</b>	<b>-0.5</b>	<b>- 4.1</b>	<b>-3.6</b>	<b>720.0</b>
Income from cash transactions	11.1	10.24	-0.9	-7.7
Expenses on cash transactions	11.6	14.39	2.8	24.1
<b>Margins on financial transactions</b>	<b>50.7</b>	<b>81.7</b>	<b>31.0</b>	<b>61.1</b>
Income from Investment capital	54.3	84.9	30.6	56.4
Interest on Investment capital	3.6	3.2	-0.4	-11.1
<b>Margins on customer transactions</b>	<b>196.2</b>	<b>203.8</b>	<b>7.6</b>	<b>3.9</b>
Income from customer transactions	259.6	275.4	15.8	6.1
Expenses on customer transactions	63.5	71.6	8.1	12.8
<b>Margins on leasing and simple rental transactions</b>	<b>4.0</b>	<b>6.4</b>	<b>2.4</b>	<b>60.0</b>
Income from leasing and simple rental transactions	43.0	42.0	-1.0	-2.3
Expenses on leasing and simple rental transactions	39.0	35.7	-3.3	-8.5
<b>Margin on miscellaneous operations</b>	<b>170.7</b>	<b>149.7</b>	<b>-21.0</b>	<b>-12.3</b>
Income from miscellaneous transactions	5,354.4	1,409.7	-3,944.7	-73.7
Expenses on miscellaneous transactions	5,183.7	1,260.0	-3,923.7	-75.7
<b>Net Banking Income</b>	<b>421.1</b>	<b>437.4</b>	<b>16.3</b>	<b>3.9</b>
<b>Gross operating profit</b>	<b>196.9</b>	<b>197.7</b>	<b>0.8</b>	<b>0.4</b>
<b>Allocation to provisions</b>	<b>43.2</b>	<b>75.2</b>	<b>32.0</b>	<b>74.1</b>
<b>Losses on bad debts</b>	<b>24.1</b>	<b>3.6</b>	<b>-20.5</b>	<b>-85.1</b>
<b>Current result</b>	<b>129.7</b>	<b>119.0</b>	<b>-10.7</b>	<b>-8.2</b>
<b>Exceptional result</b>	<b>0.5</b>	<b>-7.6</b>	<b>-8.1</b>	<b>-1,620.0</b>
<b>Intermediate result</b>	<b>1,302</b>	<b>111.3</b>	<b>-18.9</b>	<b>-14.5</b>
<b>Income tax</b>	<b>35.9</b>	<b>26.4</b>	<b>-9.5</b>	<b>-26.5</b>
<b>Net profit or loss</b>	<b>94.3</b>	<b>84.9</b>	<b>-9.4</b>	<b>-10.0</b>

**Source** : CERBER

Finally, the main indicators of banks operating in Cameroon as at ending December 2020 are summarized in the following table:

**Table 3.6:** Banks activity indicators

Banks	(in billion CFAF)				
	Share capital	Net profit or loss	Total balance sheet	Deposits	Loans
BICEC	49.1	-7.0	726.5	602.7	320.9
SCB	10.5	3.0	624.0	509.5	324.1
SGC	12.5	14.9	1 055.4	830.2	621.1
STD BK	10.0	1.3	224.3	168.8	93.1
AFBK	20.0	13.5	1 260.1	997.6	603.7
CBC	12.0	3.6	458.1	336.6	311.0
CITIBANK	10.0	4.3	151.7	112.2	63.3
ECOBANK	10.0	9.6	466.0	369.2	191.7
UBC	20.0	1.6	118.1	57.8	2.8
NFC-BANK	6.1	2.0	142.7	101.1	69.2
UBA	10.0	19.8	480.6	376.3	136.9
BAC	35.6	8.6	562.9	376.7	296.7
BGFIBANK	20.0	6.3	376.5	250.0	273.5
BC-PME	20.0	-0.4	32.8	8.6	14.0
CCA BANK	15.0	4.0	331.0	301.4	121.9
<b>TOTAL</b>	<b>260.9</b>	<b>84.9</b>	<b>7,010.7</b>	<b>5,398.8</b>	<b>3,443.7</b>

**Source :** CERBER

### III.1.1.3. Transformation

As at December 31<sup>st</sup>, 2020, banks received deposits amounting to 5 398.8 billion, made up of 71.3% of sight deposits (sight credit accounts), 13.3% of time deposits, 8.0% of special deposits, and 7.3% of other accounts payable.

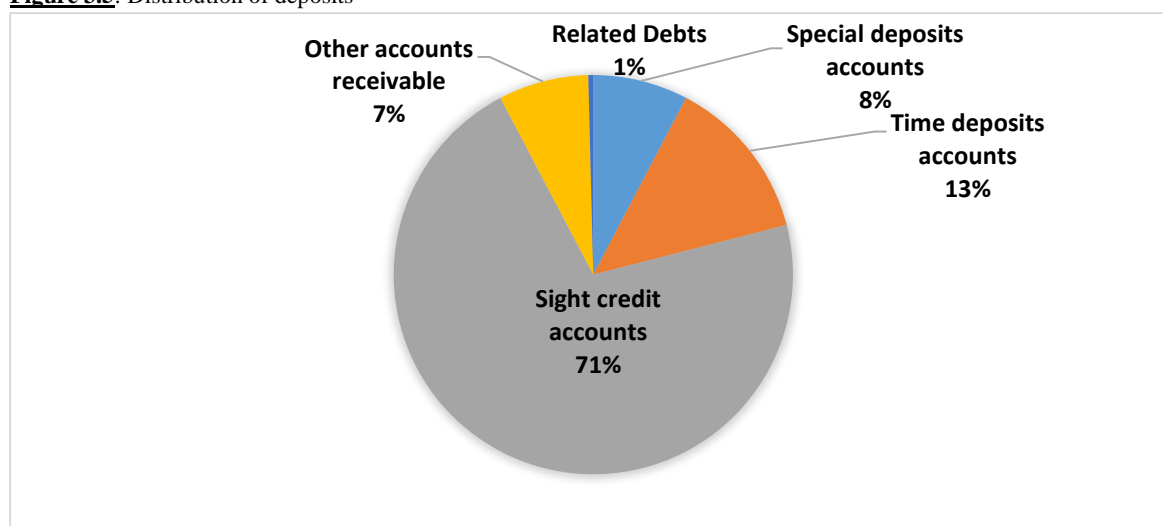
**Table 3.7:** Breakdown of deposits per type (in billion)

Types of deposits	2019	2020	(%) gap (%)	Shares/Accounts
Special deposit accounts	375.8	434.1	15.5	8.%
Time deposit accounts	652.9	705.9	8.	13.3%
Current accounts payable	3,484.7	3,853.2	10.6	71.3%
Other accounts payable	357.2	386.0	8.1	7.3%
Related debts	20.0	19,5	-2.5	0.4%
<b>TOTAL DEPOSITS</b>	<b>4,890.5</b>	<b>5,398.8</b>	<b>10.4</b>	<b>100.0%</b>

**Sources :** CERBER

These deposits represent the largest share of bank resources available for loan granting in the domestic market.

**Figure 3.5:** Distribution of deposits



**Source:** CERBER

The banking resources thus constituted made it possible to fund the Cameroon economy to the tune of 3 443.7 billion as at December 31<sup>st</sup>, 2020.

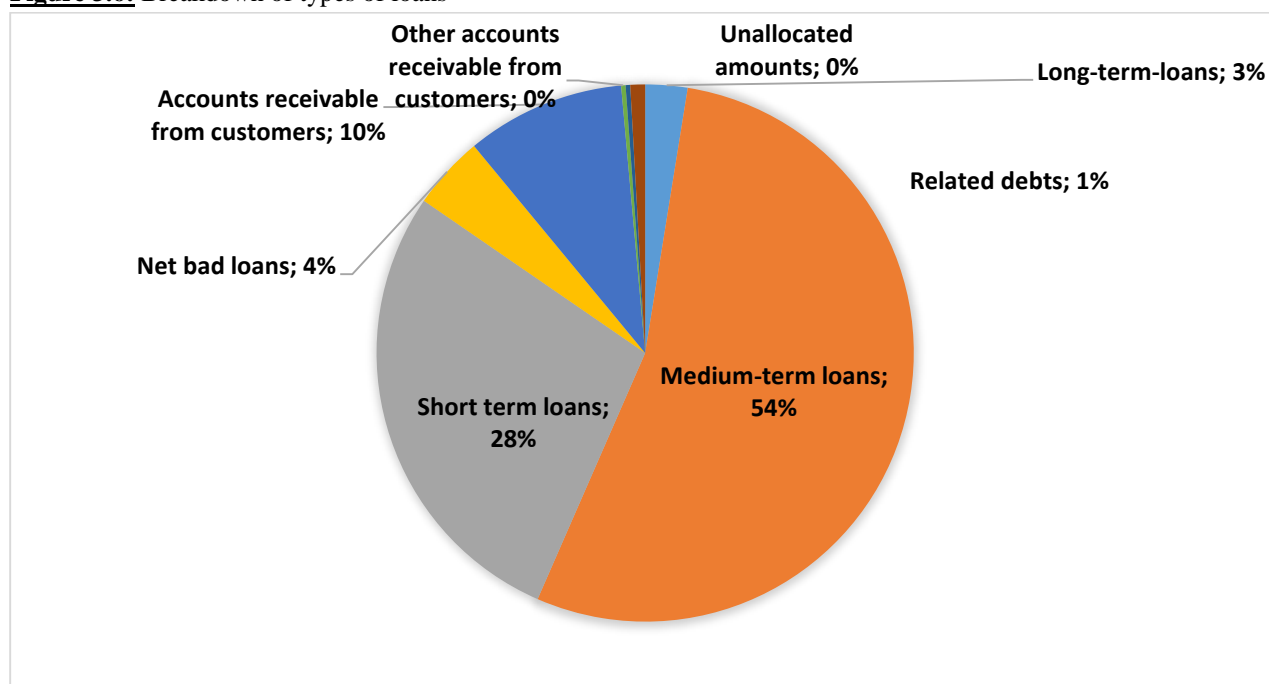
**Table 3.8:** Breakdown of loans per nature

Type of loan	Amount in billion		Gap (%)	Shares/Accounts (%)
	2019	2020		
Long-term loans	102.4	87.4	-14.6	3.2%
Medium-term loans	1,612.1	1,860.3	15.4	49.7%
Short-term loans	914.2	965.2	5.6	28.2%
Net bad loans	111.2	152.1	36.8	3.4%
Accounts receivable from customers	393.4	329.3	-16.3	12.1%
Other amounts due from customers	6.2	9.2	48.4	0.2%
Unallocated amounts	75.3	9.5	-87.4	2.3%
Related debts	27.7	30.6	10.5	0.9%
<b>TOTAL CREDITS</b>	<b>3,242.5</b>	<b>3,443.7</b>	<b>6.2</b>	<b>100.0%</b>

**Source :** CERBER

That overall amount of loans granted was distributed as follows: medium-term loans: 49.7%, short-term loans: 28.2%, long-term loans: 3.2% and net bad loans: 3.4%.

**Figure 3.6:** Breakdown of types of loans



The average level of banking transformation is 87% in 2020 as compared to 80% in 2019, which represent an improvement of 7 points.

**Table3.9:** Presentation of the transformation coefficients of the Cameroon Currency Market

BANKS/MONTH	December 2019 (a)	December 2020 (c)	Gaps (c-a)
CITIBANK	3 264	3 558	294
STANDARD CHARTERED BANK	110	922	812
ECOBANK	118	243	125
BAC	124	200	76
BC-PME	-73	168	241
SCB	150	164	14
SOCIETE GENERALE CAMEROUN	113	134	21
AFRILAND FIRST BANK	118	84	-34
UBA	427	71	-356
BGFIBANK	128	66	-62
BICEC	43	64	21
CBC	46	57	11
CCA BANK	48	33	-15
UBC	-104	-70	34
NFC-BANK	-203	-739	-536
<b>OVERALL</b>	<b>80.0</b>	<b>87.0</b>	<b>7.0</b>

Source : CERBER

#### III.1.1.4. Trend in the Annualized percentage rate (APR) charged by banks

On average, the cost of loans granted by banks globally decreased between 2019 and 2020 for all customer categories, except as for loans to public administrations.

In fact, the average APRs charged on loans granted to SMEs in 2020 was 10.52% as compared to 11.09% in 2019, which represents a drop by 0.57 points. That decrease can be attributed to the fall in the cost of most of the various types of loans granted to SMEs, including overdrafts (11.38% in 2019 as against 10.79% in 2020), bill discounts (20.72% in 2019 as against 16.32%

in 2020), leasing (20.97% in 2019 as against 15.26% in 2019), factoring (12.68% as against 8.86% in 2020), and guarantees (2.40% in 2019 as against 1.89% in 2020).

With regard to individuals, the average cost of their loans fell from 13.79% in 2019 to 13.66% in 2020, thus decreasing slightly by 0.13 percentage point, largely due to the lower cost of overdrafts (18.95% in 2019 as against 17.13% in 2020) and medium-term loans (13.03% in 2019 as against 12.70% in 2020).

With regard to legal entities other than SMEs and large companies (associations, CIGs, non-profit making organizations, etc.), the cost of their loans has also decreased. It fell from 7.10% in 2019 to 6.41% in 2020 due to the fall in the cost of overdrafts (-1.03 points) and guarantees (-2.13 points).

With the least expensive loans of all categories of bank customers, large companies saw the cost of their loans fall slightly in 2019 (-0.9 point). That slight decrease results from the decreases noted in most of the various categories of loans granted to that clientele, with the exception of medium-term loans, whose average APR rose from 7.73% in 2019 to 12.15% in 2020.

Public administrations saw the cost of their loans rise between 2019 and 2020. The average APR of their loans rose from 7.64% in 2019 to 15.17% in 2020. That significant increase can mainly be attributed to the rise in the cost of cash loans other than overdrafts (+11.35 points), overdrafts (+4.12 points), and guarantees (+0.47 point).

Large companies remain the category of bank customers with the lowest cost of loans, followed by legal entities other than SMEs and large companies (associations, CIGs, non-profit making institutions, etc.).

**Table 3.10.:** Annualized percentage rate charged by banks in 2019 and 2020 (in %)

Categories	2019	2020
<b>1. Loans to individuals</b>	<b>13.79</b>	<b>13.66</b>
Consumer loans, other than overdraft	11.93	12.22
Overdrafts	18.95	17.13
Discounting of bills of exchange	18.96	-
Medium-term loans*.	13.03	12.70
Long-term loans*.	10.86	11.74
mortgage loans	11.79	11.75
Leasing	-	12.07
Sureties	2.92	3.65
<b>2. Loans to SMEs</b>	<b>11.09</b>	<b>10.52</b>
Cash loans, other than overdraft	11.96	12.74
Overdrafts	11.38	10.79
Discounting of bills of exchange	20.72	16.32
Medium-term loans	12.08	14.98
Long-term loans	10.12	-
Leasing	20.97	15.26
Factoring	12.68	8.86
Sureties	2.40	1.89
<b>3. Loans to large companies</b>	<b>6.46</b>	<b>5.56</b>
Cash loans, other than overdraft	6.44	6.14
Overdrafts	7.85	7.53
Discounting of bills of exchange	12.77	9.02
Medium-term loans	7.73	12.15
Long-term loans	7.92	-
Leasing	16.77	9.75
A Factoring	6.80	5.34
Sureties	2.12	1.65
<b>4. Loans to legal persons other than SMEs and large enterprises</b>	<b>7.10</b>	<b>6.41</b>

Categories	2019	2020
Consumer loans, other than overdraft	7.25	8.92
Overdrafts	14.51	13.48
Discounting of bills of exchange	19.17	-
Medium-term loans	6.92	8.85
Long-term loans	-	-
mortgage loans	-	-
Leasing	17.51	-
Sureties	5.02	2.89
<b>5. Loans to public administrations and decentralised local authorities</b>	<b>7.64</b>	<b>15.17</b>
Cash loans, other than overdraft	4.37	15.72
Overdrafts	11.25	15.37
Medium-term loans	7.99	-
Long-term loans	-	-
Leasing	-	-
Sureties	1.53	2.00

\* These are loans other than mortgage loans

Source: NEFC

As regards the cost of loan per activity sector, the education, health and social welfare as well as collective or personal activities sectors bear the highest costs on the market. The average APR of their loans are respectively 15.18%, 14.34% and 12.53% in 2020.

Table 3.11: Annualized percentage rate charged by Banks per sector of activity (%)

Sectors of activity	2019	2020
Agriculture, hunting and forestry	6.80	6.57
Fishing, fish farming, aquaculture	6.61	6.71
Mining and quarrying	6.28	7.73
Manufacturing activities	7.56	7.45
Production and distribution of electricity, gas and water	6.95	6.72
Construction	7.51	7.74
Trade; repair of motor vehicles and household goods	8.24	6.94
Hotels and restaurants	9.82	8.37
Transport, transport support activities and communications	6.09	5.37
Financial activities	7.77	8.80
Real estate, rentals and business services	10.72	9.26
Public administration activities	13.09	7.54
Education	15.87	15.18
Health and social welfare activities	12.38	14.34
Group or personal activities	8.85	12.53
Activities of households as employers of domestic staff	11.29	10.72
Activities of extra-territorial organizations	6.50	6.48

Source : NEFC

### **Box 3.1: Calculation of the Annualized percentage rate (APR) and of the Usury Rate**

#### **1. Usefulness and regulatory framework of the APR**

The APR makes it possible to compare the actual cost of loans for the consumer. For example, a loan A may appear to be more expensive than a loan B if only the nominal interest rates are compared. However, if the ancillary elements (e.g. application fees, insurance fees, collateral costs etc.) are more advantageous for A than for B, that may compensate for the difference in rates. In order to know the true cost of a loan and to be able to compare it with other competing offers, it is necessary to know the APR of each loan, as that rate incorporates everything that may be payable in addition to the interest.

That is why the Chairman of the Central African Monetary Union (UMAC) Ministerial Committee signed on October 2<sup>nd</sup>, 2012, two regulatory instruments in order to protect consumers and stimulate competition, especially in the context of the abolition, in October 2008, of the Maximum Debit Rate (MDR). The said instruments are Regulation No. 01/CEMAC/UMAC/CM of October 2<sup>nd</sup>, 2012 on various provisions relating to the Annualized Percentage Rate and the publication of banking conditions, and Regulation No. 02/CEMAC/UMAC/CM of October 2<sup>nd</sup>, 2012 on the definition and repression of usury within the CEMAC States.

In compliance with the provisions of those two regulations, the National Credit Council calculates and publishes every six months the APR and the usury rate per category of transaction and per sector. In order to facilitate the monitoring of those indicators, the National Credit Council has developed and made available to credit and microfinance institutions an application for calculating and archiving the APR and the usury rate.

#### **2. APR Calculation Method**

The APR calculation method varies according to whether the loan repayment is instalmental or not. For non-instalmental repayment loans, the APR is the nominal annual rate plus the percentage of the loan amount represented by ancillary costs.

For instalmental repayment loans, the APR is a rate proportional to the rate for the period, calculated using the following formula:

$$\sum_{k=1}^{k=m} \frac{A_k}{(1+i)^{tk}} = \sum_{p=1}^{p=n} \frac{A_p}{(1+i)^{tp}}$$

- i: the Annualized percentage rate,
- k: the serial number of a disbursement of funds,
- m: the serial number of the last disbursement
- A<sub>k</sub>: the amount of the disbursement number k,
- tk: the time interval between the first disbursement and the disbursement number k,
- p: the serial number of a repayment term,
- n: the serial number of the last instalment,
- A<sub>p</sub>: the amount of the instalment number p,
- tp: the time interval between the first instalment and repayment term number p.

The APR is therefore the interest rate *i* that equals the present value of the loan (capital borrowed minus the fees and commissions charged at the time the loan is disbursed) and the sum of future repayment flows (taking into account the duration of the loan and the monthly repayments).

#### **3. The Usury rate**

A usurious loan is any loan or agreement dissimulating a loan granted, for any purpose, at an annualized percentage rate (APR), that, at the time it is granted, exceeds by more than one third, the annualized percentage rate charged during the previous six-month period by credit institutions for transactions of the same nature involving similar risks.

The average APR for a category C loans granted by *k* reporting institutions is calculated by applying the following weighted average formula:

$$TEG_{M_C} = \sum_{i=1}^k m_C^i TEG_C^i / \sum m_C^i ; \text{ where all } m_C^i \text{ represent the total amount of category C loans granted by each}$$

reporting entity  $TEG_C^i$  and the average APR of the C category loans calculated for each reporting entity.

Since 2018, APRs are calculated by Credit institutions and tele-reported through an application developed by the NEFC.

**Source :** NEFC

greater than or equal to the minimum of 8%;

- As regards the coverage of fixed assets by investment capital, 13 banks presented a ratio greater than or equal to the minimum of 100%;
- As regards the liquidity ratio, for 14 banks, cash at sight or at less than one month was greater than or equal to the regulatory minimum of 100% of liabilities for the same period;
- With regard to compliance with the long-term transformation coefficient, 12 banks managed to finance at least 50% (regulatory threshold) of their assets with a residual maturity of more than five years, with investment capital;
- 13 banks kept the sum of liabilities to their shareholders, directors and employees below the regulatory limit of 15% of net equity.

**BOX 3.2:** Presentation of the main COBAC ratios

**Representation of the minimum capital:** Credit institutions must always have paid-up capital or an allocation whose amount is at least equal to a sum defined as per public authorities' decree. To that end, every credit institution must justify at all times that its net internal liabilities are equal to or greater than the minimum required.

**Net equity:** credit institutions must have substantial equity to ensure the continuity of their transactions and absorb losses in the event of liquidation. In addition to shareholders' equity, net equity includes other items defined by prudential regulations (financing and guarantee funds, net result, equity of consolidated subsidiaries, revaluation reserves, etc.) from which are deducted (i) equity securities, securities held for trading, and other assets and liabilities. ) from which shall be deducted (i) equity securities, portfolio securities and subordinated loans held on reporting credit and microfinance institutions; (ii) the net commitments incurred directly or indirectly by a credit institution on a related party, when they exceed 5% of the net equity; (iii) the amount of the excess, in the event of exceeding the limits set for the participations of a credit institution in the capital of companies; (iv) the additional provisions recommended by COBAC General Secretariat.

**Risk Coverage:** Reporting credit institutions are required, under the conditions set out in this Regulation, to comply, at all times, with a ratio of at least 8% between the amount of their net equity and the total credit risks they incur as a result of their transactions.

**Coverage of fixed assets by investment capital:** credit institutions are required to maintain at all times a minimum ratio between their net equity and investment capital on the one hand, and their tangible fixed assets on the other hand, set at a minimum of 100%.

**Liquidity ratio:** Credit institutions must hold sufficient liquid assets to cover net cash outflows over a 30-day period. A credit institution is required to maintain at all times a minimum ratio of liquid assets to liabilities of less than one month, set at a minimum of 100%.

**Transformation ratio:** Credit institutions collect savings and provide liquidity to the economy as a whole through balance sheet transactions, and through managing less liquid and medium to long-term assets, while liabilities are more liquid and short-term. That activity generates well-known risks, particularly interest rates and liquidity risks. Thus, all credit institutions are required to comply at all times with a ratio between their resources with a maturity of more than 5 years and their assets and liabilities of the same period, set at a minimum of 50%.

Source : COBAC

### III.1.2. Situation of financial institutions

Under Article 8 of COBAC Regulation R-2009/02 defining the categories of credit institutions, their legal form and authorized activities, credit institutions are licensed as universal banks, specialized banks, financial institutions or financial companies.



The analysis of this provision shows that financial institutions are subdivided into two subgroups made up of financial companies and specialized financial institutions (see Articles 11 and 12 of the above mentioned Regulation).

Financial companies are financial institutions that cannot receive from the public funds at sight and with a term of less than two years. They finance their activities through their own capital, borrowing from other credit institutions or from the capital markets or by any other means as provided for by the law.

Specialized financial institutions are financial institutions that cannot receive from the public funds at sight and with a term of less than two years. They perform a public interest mission decided by the National Authority. The funding methods of their activities as well as related banking and non-banking transactions are governed by their own laws and regulations, while complying with the common requirements of banking regulations.

Payment service providers are defined by Article 2 of Regulation No. 04/18/CEMAC/UMAC/COBAC of December 21<sup>st</sup>, 2018 as any licensed institution providing payment services as a usual profession.

Under that classification, Cameroon has six (06) financial institutions and one (01) payment service provider in 2020, namely:

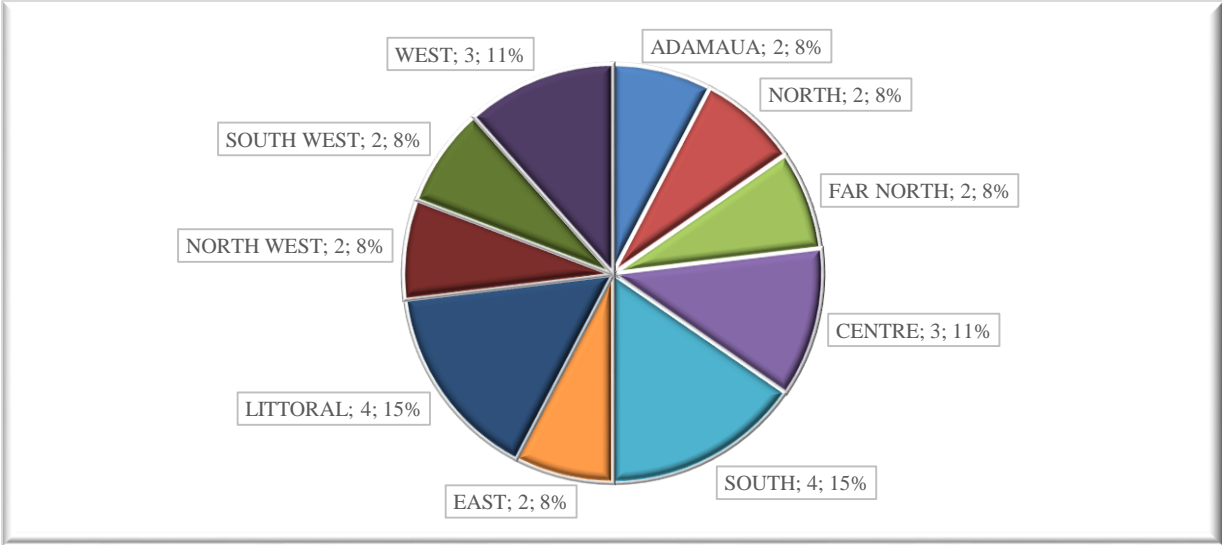
- Alios Finance Cameroun (SOCCA);
- Crédit Foncier du Cameroun (CFC) ;
- PRO-PME Financement (PRO-PME);
- Société Camerounaise d'Equipement (SCE) ;
- Société de Recouvrement des Créances du Cameroun (SRC) ;
- Société Nationale d'Investissement (SNI);
- Wafacash.

#### **III.1.2.1. Mapping**

The number of branches of financial institutions has not changed between December 2019 and December 2020. According to the CERBER source, financial institutions operating in Cameroon have 26 branches.

The Littoral and South regions are the most covered with 4 branches each, followed by the Centre and West regions with 3 branches each. All other regions have 2 branches each.

**Figure 3.7:** Number of branches per region



Source: CERBER

**III.1.2.2. Intermediation**

Between 2019 and 2020, the balance sheet total of financial companies and payment service providers fell by 0.9% as a result of the contraction in amounts to be deducted from Investment capital (-20.3 billion).

On the liabilities side, that decrease is mainly explained by the decrease in equity (-13.9 billion).

In terms of the portfolio delinquency situation, net unpaid loans decreased by 3.6 billion from 53.8 to 50.2 billion. However, the delinquency rate (60.4%) remains very high as compared to other components of the banking sector.

**Table 3.12:** Balance sheet of Financial Companies

BALANCE SHEET		(In billion CFA francs)		Variation in volume ( billion CFA francs)	Variation in %.
		ASSETS	2019		
<b>Amounts to be deducted from Investment capital</b>	<b>32.0</b>	<b>11.7</b>	<b>-20.3</b>	<b>-63.4</b>	
<b>Fixed assets</b>	<b>67.6</b>	<b>67.5</b>	<b>-0.1</b>	<b>-0.1</b>	
including financial assets	3.6	2.1	-1.5	-40.8	
<b>Transactions with customers</b>	<b>135.9</b>	<b>139.5</b>	<b>3.6</b>	<b>2.6</b>	
Long-term loans	52.9	61.4	8.5	16.1	
Medium-term loans	16.8	18.7	1.9	11.6	
Short term loans	10.3	8.1	-2.2	-21.7	
Net unpaid loans	53.8	50.2	-3.6	-6.7	
Accounts receivable from customers	0.2	0.2	0.0	-4.5	
Other amounts receivable from customers	0.0	0.1	0.0	14.6	
Unallocated amounts s	1.7	0.7	-1.0	-58.9	
Related receivables	0.1	0.1	0.0	-25.4	
<b>Miscellaneous operations</b>	<b>11.8</b>	<b>10.3</b>	<b>-1.6</b>	<b>-13.2</b>	
<b>Treasury and interbank operations</b>	<b>185.4</b>	<b>199.7</b>	<b>14.3</b>	<b>7.7</b>	
Including investment and trading Securities	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	
<b>Total assets</b>	<b>432.7</b>	<b>428.7</b>	<b>-4.0</b>	<b>-0.9</b>	
		(in billion CFA francs)			
LIABILITIES	2019	2020	Variation in volume ( billion CFA francs)	Variation in %.	
<b>Investment capital</b>	<b>327.2</b>	<b>313.2</b>	<b>-13.9</b>	<b>-4.3</b>	
Including equity	295.6	281.6	-13.9	-4.7	
<b>Transactions with customers</b>	<b>53.0</b>	<b>56.4</b>	<b>3.5</b>	<b>6.5</b>	
Special deposit accounts	24.2	25.8	1.6	6.5	
Term deposit accounts	5.8	5.5	-0.4	-6.4	
Current accounts payable	6.2	6.6	0.4	6.4	
Other accounts payable	16.2	17.3	1.1	6.7	
Related debts	0.5	1.3	0.8	146.5	
<b>Miscellaneous operations</b>	<b>32.5</b>	<b>37.7</b>	<b>5.2</b>	<b>16.0</b>	
<b>Treasury and interbank operations</b>	<b>20.1</b>	<b>21.4</b>	<b>1.3</b>	<b>6.2</b>	
<b>Total liabilities</b>	<b>432.7</b>	<b>428.7</b>	<b>-4.0</b>	<b>-0.9</b>	

Source : CERBER

Between 2019 and 2020, the off-balance sheet activity of financial companies improved in all areas, except for foreign currency transactions, that are structurally inexistent, and transactions with correspondents, that fell slightly (0.1 billion). In fact, transactions with customers, leasing commitments and other commitments increased by 38.2, 3.2 and 18.4 billion respectively.

**Table 3.13: Off-balance sheet items of financial Companies**

OFF-BALANCE SHEET	(in billion CFA francs)			
	Heading	2019	2020	Year-on-year variation in volume
<b>Transactions with correspondents</b>	<b>11.7</b>	<b>11.6</b>	<b>-0.1</b>	<b>-1.2</b>
Commitments ordered by correspondents	0.0	0.0	0.0	-
Commitments received from correspondents	11.7	11.6	-0.1	-1.2
<b>Transactions with customers</b>	<b>321.2</b>	<b>359.4</b>	<b>38.2</b>	<b>11.9</b>
Commitments ordered by customers	34.5	31.7	-2.8	-8.1
Commitments received from customers	286.8	327.8	41.0	14.3
Pledges	3.8	0.0	-3.8	-100.0
Guarantees received from customers	102.4	141.6	39.3	38.4
Securities managed on behalf of customers	0.0	0.0	0.0	-
Other guarantees received from customers	12.6	11.1	-1.5	-12.2
<b>Leasing commitments</b>	<b>52.1</b>	<b>55.3</b>	<b>3.2</b>	<b>6.1</b>
Outstanding leasing payments	0.0	0.0	0.0	-
Commitments received from customers	49.1	52.7	3.6	7.3
Leasing commitments given to customers	2.9	2.5	-0.4	-14.0
Accruals and deferred income	0.0	0.0	0.0	-53.6
<b>Foreign currency transactions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>
Spot Foreign exchange transactions	0.0	0.0	0.0	-
Forward foreign exchange transactions	0.0	0.0	0.0	-
lending and borrowings in Foreign currency	0.0	0.0	0.0	-
Carry over/port	0.0	0.0	0.0	-
Adjustment account in foreign in currency	0.0	0.0	0.0	-
<b>Other commitments</b>	<b>330.3</b>	<b>348.7</b>	<b>18.4</b>	<b>5.6</b>
Monetary market liabilities	1.1	1.9	0.8	74.3
Securities transactions	0.0	0.0	0.0	-
Commitments received from the State and specialised bodies	0.0	0.0	0.0	-
Doubtful debts	121.0	122.8	1.7	1.4
Computer deferrals	208.2	224.0	15.8	7.6

Source : CERBER

### III.1.2.3. Trend in the APR of financial companies

In 2020, the cost of loans granted by financial companies fell for most of the various categories of customers, except for legal entities other than SMEs and large companies. The biggest drop was noted in loans granted to individuals, with the average APR falling from 18.90% in 2019 to 11.41% in 2020, thus dropping by 7.49 points.

For SMEs, the slight decrease (-0.71 points) is due in particular to the drop in the cost of cash loans, other than overdrafts, that fell from 20.20% in 2019 to 18.22% in 2019, and leasing, that fell from 18.52% in 2019 to 17.92% in 2020.

The cost of loans to Large Companies also fell between 2019 and 2020, with the average APR falling from 12.66% to 11.92%, mainly due to the fall in the cost of their medium-term loans, leasing and non-overdraft cash loans.

In 2020, financial companies did not grant any loan to the public administration and its bodies.

Table 3.14: Annualized percentage rate charged by financial companies in 2019 and 2020 (in %)

Categories	2019	2020
<b>1. Loans to individuals</b>	<b>18.90</b>	<b>11.41</b>
Consumer loan, other than overdraft	28.42	26.90
Overdrafts	-	-
Medium-term loans*.	30.33	27.93
Long-term loans*.	-	25.86
mortgage loans	8.37	7.37
Leasing	-	7.96
Securities	-	11.20
<b>2. Loans to SMEs</b>	<b>18.17</b>	<b>17.46</b>
Cash loans, other than overdraft	20.20	18.22
Overdrafts	-	-
Bill of exchange discounting	-	-
Medium-term loans	15.15	15.23
Long-term loans	9.55	10.20
Leasing	18.52	17.92
Factoring	-	-
Securities	18.17	-
<b>3. Loans to large companies</b>	<b>12.66</b>	<b>11.92</b>
Cash loans, other than overdraft	15.90	10.52
Overdrafts	-	-
Bills of exchange discounting	-	-
Medium-term loans	10.36	9.58
Long-term loans	-	-
Leasing	13.36	12.59
Factoring	-	-
Securities	12.66	-
<b>4. Loans to legal persons other than SMEs and large enterprises</b>	<b>13.21</b>	<b>18.19</b>
Consumer loans other than overdraft	-	-
Overdrafts	-	-
Medium-term loans	-	-
Long-term loans	-	-
Mortgage loans	-	-
Leasing	-	-
Securities	13.21	18.19
<b>5. Loans to public administrations and decentralised local authorities</b>		
Cash loans, other than overdraft	-	-
Overdrafts	-	-
Medium-term loans	-	-
Long-term loans	-	-
Leasing	-	-
Securities	-	-

**Source** : NEFC

Per activity sector, the most expensive loans in 2020 were those granted to households (27.49%), followed by the transport, auxiliary transport activities and communications sector (20.62%), the fishing, fish farming, aquacultural sector (18.48%), and the trade, repair of motor vehicles and household goods sector (16.07%).

The least expensive loans were those granted to individuals working in the public administration (7.06%), followed by those to workers in the electricity, gas and water production and distribution sector (8.62%), and in the financial sector (8.91%).

**Table 3.15:** Annualized percentage rate charged by financial companies per activity sector (%)

Activity Sectors	2019	2020
Agriculture, hunting and forestry	15.94	15.25
Fishing, fish farming, aquaculture	14.83	18.48
Extractive activities	11.98	11.99
Manufacturing activities	17.56	13.56
Production and distribution of electricity, gas and water	9.36	8.62
Construction	19.91	17.69
Trade; repair of motor vehicles and household goods	18.42	17.73
Hotels and restaurants	19.08	16.07
Transport, transport support activities and communications	22.27	20.62
Financial activities	10.27	8.91
Real estate, rentals and business services	13.95	10.47
Public administration activities	9.09	7.06
Education	10.23	9.95
Health and social welfare activities	18.30	15.68
Activities of a collective or personal nature	9.25	9.32
Activities of households as employers of domestic staff	32.07	27.49
Activities of non-local organizations	13.26	15.24

Source : NEFC

#### III.1.2.4. Supervision

At the prudential level, on the basis of the information reported by SOCCA, CFC, PRO-PME and SCE operating in Cameroon as at December 31<sup>st</sup>, 2020:

- They all complied with the net equity requirements;
- They all complied with the regulatory risk coverage requirements;
- With regard to the coverage of fixed assets by investment capital, all financial companies presented a ratio greater than or equal to the minimum of 100%;
- As regards to the liquidity ratio, cash at sight or at less than one month was greater than or equal to the regulatory minimum of 100% of the same term liabilities for all financial companies;
- With regard to compliance with the long-term transformation coefficient, all financial companies managed to finance at least 50% (regulatory threshold) of their assets with a residual term of more than five years with investment capital.

### III.2. Assessment of the situation of the microfinance sector

#### III.2.1. Mapping the microfinance sector

On the basis of available<sup>2</sup>, data, the number of MFI branches increased from 1,670 to 1,713 (+43) between December 2019 and December 2020.

A total of 797 branches are located in rural areas, as against 786 in December 2019, while 916 branches and counters are located in urban areas, as against 884 in 2019.

<sup>2</sup>The data used are as follows:

- for the first category, those reported by MFIs networks;
- for the second category, those of the 50 largest MFIs in terms of total assets, whose financial statements were collected on site
- for the third category, those reported by the 3 active MFIs.

**Table 3.16.** Distribution of MFIs branches per area

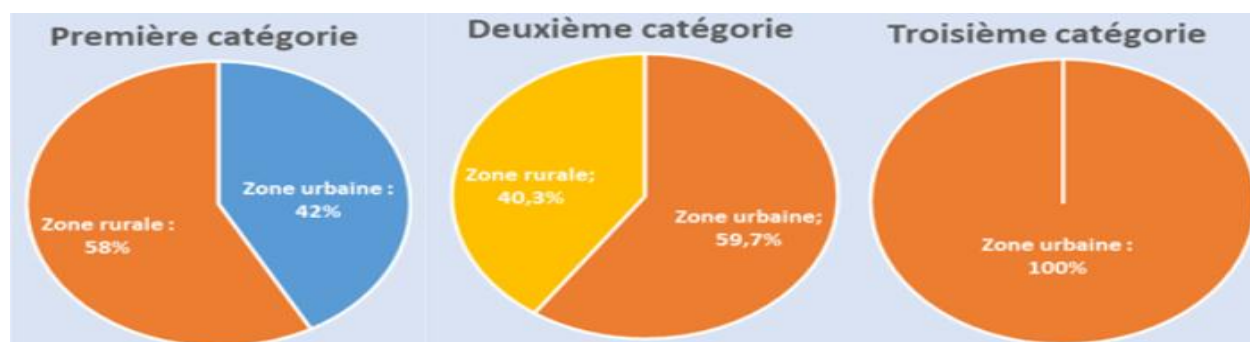
MFI/AREA	Urban areas		Rural areas		Total		Urban areas	Rural areas
	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	% Total	% Total
							31/12/2020	31/12/2020
FIRST CATEGORY	316	261	368	360	684	621	42.0	58.0
SECOND CATEGORY	561	648	418	437	979	1,085	59.7	40.3
THIRD CATEGORY	7	7	0	0	7	7	100	0.0
TOTAL	884	916	786	797	1,670	1,713	53.5	46.5

**Source :** Reportings by MFIs

The presence of MFIs in urban and rural areas varies per category. In fact:

- 360 branches of the first category MFIs are based in rural areas, as compared to 261 in urban areas. This geographical distribution can particularly be noticed in the CAMCCUL network, where 50% of affiliates are based in rural areas;
- The second category of MFIs operate more in urban areas, with 648 branches in cities, as against 437 in rural areas;
- Third category MFIs branches are only found in the main towns of the regions (Littoral, North and Far North), as illustrated in the following graph.

**Figure 3.8:** Distribution of licensed MFIs per<sup>2</sup> rural and urban areas



**Source:** NEFC

The Centre region remains the one with the highest number of branches with 449 branches, followed by the Littoral (391), and the West (257) regions. The regions with the least coverage are the Far North (81), South (74), North (62), East (59) and Adamaua (56).

First category MFIs are mainly represented in the Centre region (137 branches), Littoral region (111), North-West region (110) and West region (104).

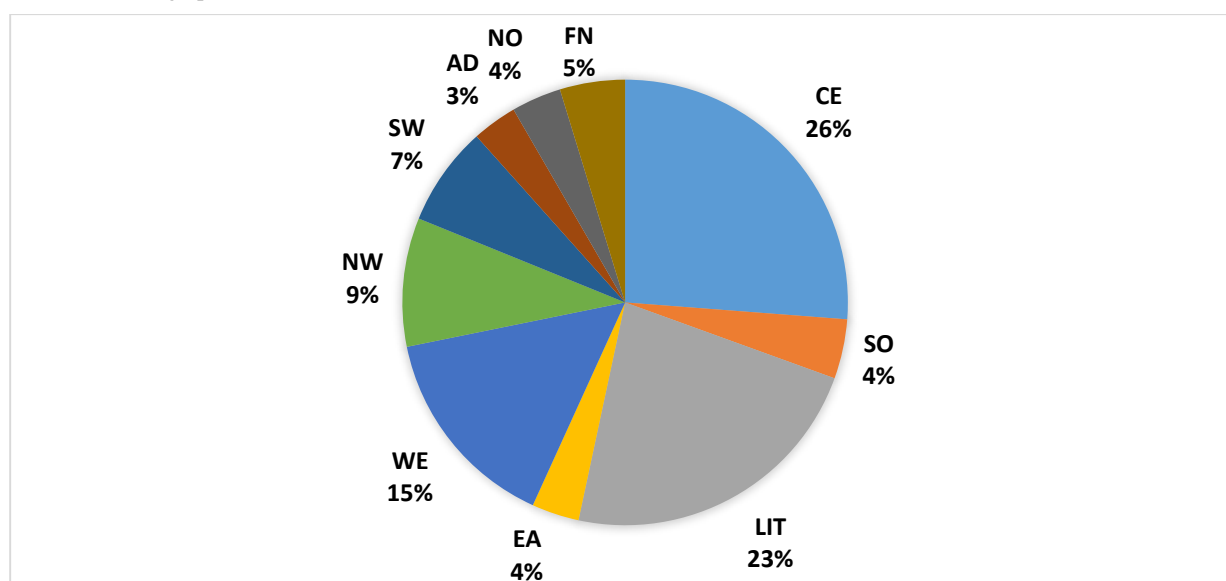
As for the second category MFIs, their branches are also mainly located in the Centre, Littoral and West regions, with 312, 278, and 152 branches and counters respectively.

Third category MFIs operate in the Littoral region (2 branches), Far North region (2), North region (1), Adamaua region (1) and West region (1).

**Table 3.17.** Distribution of MFIs branches per region

REGIONS	CE	SO	LIT	EA	WE	NW	SW	AD	NO	FN	TOTAL
FIRST CATEGORY	137	21	111	10	104	110	72	15	17	24	621
SECOND CATEGORY	312	53	278	49	152	50	52	40	44	55	1,085
THIRD CATEGORY	0	0	2	0	1	0	0	1	1	2	7
<b>TOTAL</b>	<b>449</b>	<b>74</b>	<b>391</b>	<b>59</b>	<b>257</b>	<b>160</b>	<b>124</b>	<b>56</b>	<b>62</b>	<b>81</b>	<b>1,713</b>

**Figure 3.9:** Geographical distribution of microfinance institutions



**Source:** Reporting by microfinance institutions

## III.2.2. Intermediation

### III.2.2.1. Trend in the Total Balance Sheet

Between December 2019 and December 2020, the total balance sheet of MFIs increased from 658.2 billion to 783.2 (+125.0) billion. This increase is due to the creation of a new network called RAINBOW (35.3 billion), and the increase in the total balance sheet of CAMCCUL (+20.9 billion), RECCUCAM (+11.1 billion), EXPRESS UNION (+13.2 billion) and FIRST TRUST (+5.8 billion).

The second category still has the highest balance sheet total in the sector (52.5%), followed by the first category (47.3%).

**Table 3.18.** Total balance sheet of MFIs (in billion CFA francs)

HEADING	31/12/2019	31/12/2020	Total %	Variation	Variation
				in Volume	in %
FIRST CATEGORY	322.2	370.8	47.4	48.7	15.1
SECOND CATEGORY	332.4	408.9	52.2	76.5	23.0
THIRD CATEGORY	3.7	3.4	0.4	-0.2	-5.8
<b>TOTAL</b>	<b>658.2</b>	<b>783.2</b>	<b>100</b>	<b>125.0</b>	<b>19.0</b>

**Source:** Reportings by MFIs



### III.2.2.2. Trend in of deposits

Deposits collected by MFIs increased from 518.12 billion at ending December 2019 to 624.8 (+106.7) billion at ending December 2020, thus rising by 20.6%.

With 325.0 billion deposits, Category 2 MFIs come first (52.0%), followed by category 1 (48.0%). Category 3 MFIs are not allowed to collect customer deposits.

**Table 3.19:** Trend in MFIs deposits (in billion CFAF)

HEADING	31/12/2019	31/12/2020	Total %	Variation	Variation
				in Volume	in %
FIRST CATEGORY	259.2	299.8	480.0	40.5	15.6
SECOND CATEGORY	258.9	325.0	52.0	66.2	25.6
<b>TOTAL</b>	<b>518.1</b>	<b>624.8</b>	<b>100</b>	<b>106.7</b>	<b>20.6</b>

**Source :** Reportings by MFIs

As regards the distribution per duration, 84.6% of the deposits collected by MFIs are short-term, while 9.5% fare medium-term deposits and 5.9% long-term deposits.

**Table 3.20.:** Trend in deposits per Term (in CFAF billion)

HEADING	31/12/2019	31/12/2020	Total %	Variation in Volume	Variation in %
LONG TERM	35.2	36.7	5.9	1.6	4.5
MEDIUM-TERM	45.3	59.4	9.5	14.1	31
SHORT TERM	437.6	528.7	84.6	91.0	20.8
<b>TOTAL</b>	<b>518.1</b>	<b>624.8</b>	<b>100</b>	<b>106.7</b>	<b>20.6</b>

**Source :** Reportings by MFIs

### III.2.2.3. Trend in Loans

The volume of loans granted by MFIs rose from 394.4 to 454.6 (+60.3) billion between December 2019 and December 2020, thus increasing by 15.3%.

As at the end of December 2020, the second category comes first in loan volume with 245.6 billion, as against 208.0 billion for the first category. The third category has a total loan volume of 1.0 billion.

**Table 3.20.:** Trend in MFIs loans (in billion CFAF)

HEADING	31/12/2019	31/12/2020	% Total	Variation	Variation
				in Volume	in %
FIRST CATEGORY	188.2	208.0	45.7	19.8	10.5
SECOND CATEGORY	205.1	245.6	54.0	40.5	19.8
THIRD CATEGORY	1.1	1.0	0.3	-0.04	-3.7
<b>TOTAL</b>	<b>394.4</b>	<b>454.6</b>	<b>100</b>	<b>60.3</b>	<b>15.3</b>

**Source :** Reportings by MFIs

In all, 55.41% of loans granted to customers are short-term, as compared to 32.03% for long-term loans and only 12.56% for medium-term loans.

**Table 3.21.** Trend in loans per term (in billion CFAF)

INTITULE TITLE	31/12/2019	31/12/2020	% Total	Variation	Variation
				in Volume	in %
LONG TERM	102.9	119.4	34.1	16.5	16.0
MEDIUM-TERM	40.3	47.3	13.5	7.0	17.3
SHORT TERM	177.9	183.1	52.3	5.1	2.9
<b>TOTAL</b>	<b>321.1</b>	<b>349.7</b>	<b>100</b>	<b>28.6</b>	<b>8.9</b>

**Source:** Reportings by MFIs

In the first category, long term<sup>3</sup> loans represent 55.3% of the total loans, whereas in the second category, short-term loans represent 74.7% of the total loans (see Annex 5, Tables 14 and 15). The predominance of long-term loans in the first category comes from the CAMCCUL and RECCUCAM networks, whose loans are mainly long-term (respectively 70.7 and 21.1 billion as at the end of December 2020).

In terms of portfolio quality, the volume of bad debts increased by 43.2% from 73.2 to 104.9 billion (+31.7). The delinquency rate thus increased from 18.6% as at December 31<sup>st</sup>, 2019 to 23.1% as at December 31<sup>st</sup>, 2020.

**Table 3.22.** Trend in bad debts (in billion CFAF)

HEADING	31/12/2018	30/06/2019	Variation	Variation	% Total
			in Volume	in %	
FIRST CATEGORY	22.3	40.8	38.9	18.5	83.0
SECOND CATEGORY	50.5	63.5	60.5	13.0	26.0
THIRD CATEGORY	0.5	0.6	0.6	0.2	32.6
<b>TOTAL</b>	<b>73.2</b>	<b>104.9</b>	<b>100</b>	<b>31.7</b>	<b>43.2</b>

**Source :** Reportings by MFIs

The third category has the highest rate of bad debts (58.7%), followed by the second category (25.8%). The first category comes last with 19.6%.

<sup>3</sup> Short-term loans: Loans with a duration of up to 1 year  
Medium-term loans: Loans with a duration of between 1 and 3 years  
Long-term loans: Loans with a duration of more than 3 years

### Box 3.3: Weight of the microfinance sector in the financial sector

As at the end of December 2020, the total balance sheet of the microfinance sector represented 11.2% of that of commercial banks. As for MFIs deposits and loans, they represent respectively and identically 11.6% of banks deposits and loans.

**Table E.1: Comparison of banks and MFIs activities (in billion CFAF)**

HEADING	31/12/2019	31/12/2020
Total MFIs balance sheet	658.24	783.2
Total Banks Balance Sheet	6,472.24	7,010.7
Total Balance Sheet	7,130.48	7,793.9
Total MFIs/Bank balance sheet	<b>10.17%</b>	<b>11.2%</b>
MFIs deposits	518.12	624.8
Banks Deposits	4,870.02	5,378.7
Total Deposits	5,388.14	6,003.5
MFIs/bank deposits	<b>10.64%</b>	<b>11.6%</b>
MFIs loans	394.35	454.6
Banks Loans	3,664.65	3,908.8
Total loans	4,059.00	4,363.5
MFIs loans	<b>10.76%</b>	<b>11.6%</b>

Sources : MFIs CERBER Reportings

Based on information obtained from the CIP-FIBANE-CASEMF platform, as at December 31<sup>st</sup>, 2019, 2,336,783 accounts were opened in MFIs, as compared to 3,760,270 in commercial banks. During the year 2020, the number of accounts opened increased by 4.9% in the microfinance sector and by 3.4% in the banking sector.

**Table E.2: Comparison of the number banks and MFIs accounts**

Number of accounts opened	31/12/2019	31/12/2020	% Total	Variation	
				in Volume	in %
Number of MFIs accounts	2,336,783	2,451,881	39.5	115,098	4.9
Number of bank accounts	3,637,146	3,760,270	60.5	123,124	3.4
<b>Total</b>	<b>5,973,929</b>	<b>6,212,151</b>	<b>100</b>	<b>238,222</b>	<b>4.0</b>

Sources : MFIs CERBER MFIs reporting

## III.2.2.4. Trends in Performance

### III.2.2.4.1. Social performance

On the basis of data from the Framework for the Analysis and Monitoring of Microfinance Institutions (CASEMF), all MFIs operating in Cameroon claim to serve the population excluded from the traditional banking sector, but the manifestation of that claim was only effective among 44% of them in 2020.

74% use indicators of poverty and exclusion to target their clients (low literacy, low income, precarious housing, lack of assets, geographical distance, number of family members, type of activity carried out, physical disability), but less than 5% have branches in hard-to-reach areas. Similarly, the minimum amount required for opening a savings account is more than CFAF 5,000 in 78% of institutions. Women represent more than half of the beneficiaries of loans on the books of only 2% of them, and in 41% of the institutions, depositors with a monthly savings level of less than 10,000 CFA francs represent less than 20% of all clients.

Access to non-financial services tailored to social needs is widespread in only 28% of institutions. Only 26% offer loans for community projects, and 11% have a special fund to respond to disasters or catastrophes in the communities in which they operate.

However, 89% of the institutions offer loans tailored to the needs of customers in the areas of education, housing, health, trade, agriculture, livestock and equipment. For that purpose, 60% define the loan repayment schedules jointly with the borrowers.

Besides, in 70% of institutions, customers can meet with a senior manager in case of a dispute, and 28% have a dedicated internal dispute resolution organ.

Finally, 44% of the institutions have training/coaching programmes for small entrepreneurs, 74% carry out actions to facilitate their access to some services (health, education, electricity, justice, etc.), and 78% have adopted procedures to limit excessive interest rates and prevent over-indebtedness of clients/members.

### III.2.2.4.2. Gouvernance

The NEFC conducts quarterly assessments of the operational performance of MFIs. Due to the implementation of the Government Covid-19 pandemic response measures, that activity was only conducted in the fourth quarter of the 2020 financial year. Only 10 MFIs were assessed in 2020, as compared to 33 in 2019.

The scores obtained by the institutions assessed reveal, as in 2019, that the factors that hamper the performance of MFIs in terms of governance are the weak capacity of shareholders to strengthen long-term resources when necessary, the scarcity or absence of relevant development plans, the non-compliance with organizational charts, and the absence of staff motivation and training policies. Besides, there is little coverage of risks by substantial insurance policies, and the rudimentary organization of archives management in the majority of institutions.

However, the main elements that support the operational performance of MFIs are the quality of the human resources they employ, the quality of their internal and external control systems, thanks to the monitoring of the Supervisory Authority, and the relative solidity of their securities protection devices.

**Table 3.23: Average scores by category**

ASSESSMENT CRITERIA	Scale -1,67 à 1,67	
	Average score 2019	Average score 2020
Capacity of shareholders to strengthen the company long-term resources	-0.49	0.1
Regularity of social organs meetings	0.42	0.31
Effectiveness of the Board role	0.35	0.63
Strategic planning	0.28	-0.31
Compliance with the organization chart	0.63	0
Relevance of the organization chart	0.35	0.84
Staff qualification	1.04	1.15
Staff training and motivation policies	-0.28	-0.84
Organization of internal and external control	0.7	0.73
Quality of the management of accounting suspense	1.39	0.31
Quality of the information system	0.28	0.42
Quality of commitments management	0.35	0.42
Strength of the physical security device	0.77	0.84
Coverage of operational risks by substantial insurance policies	0.21	0.1
Quality of the organization of archives management	0.28	-0.31

**Source** : CASEMF

As at the end of the 2020 financial year, the ranking of the best performing MFIs in terms of operational performance management remains unchanged as compared to the 2019 financial year:

**Table 3.24: Ranking of MFIs assessed in 2020**

N°	FIRST CATEGORY		SECOND CATEGORY	
	MFI	SCORE	MFI	SCORES
1	BAYELLE COOPERATIVE CREDIT UNION	11.7	ADVANS	22.5
2	CAISSE POPULAIRE DE LA DOUANE	10.9	FINANCIAL HOUSE	21.7
3	MC2 NJOMBE	10.02	PANAFRICAN	20.9
4	MC2 LOUM	9.2	FIRST TRUST SAVINGS AND LOANS	20.9
5	BAMENDA POLICE COOPERATIVE CREDIT UNION	9.1	FIGEC	20.9
6	MC2 NKONGSAMBA	9.2	MIGEC	16.7
7	BAFUNG COOPERATIVE CREDIT UNION	8.4	ACEP	15.9
8	MC2 FOTO	7.5	NOFIA	14.19
9	MC2 FOREKE	7.5	RURAL INVESTMENT CREDIT	13.36
10	MC2 BAFOUSSAM RURAL	7.5	EXPRESS UNION	13.4

**Source** : NEFC

### II.2.3. Transformation

In the first category, the loans/deposits ratio stood at 69.4% in 2020, as compared to 72.6% a year earlier (-3.2 points). In the second category, the loans/deposits ratio fell from 79.2% to 75.6%, thus decreasing by 3.7 points.

Generally, it is noted that resources collected from customers and members remain in surplus as compared to the loans granted.

**Table 3.25: Trend in the loans/deposits ratio**

	2019			2020		
	DEPOSITS	LOANS	LOANS/DEPOSITS	DEPOSITS	LOANS	LOANS/DEPOSITS
CATEGORY 1	259.3	188.2	72.6%	299.8	208.0	69.4%
CATEGORY 2	258.9	205.1	79.2%	325.0	245.6	75.6%

**Source** : NEFC

Similarly, the ratio between long-term loans granted by MFIs and their short-term resources reveals that, generally, sight deposits are in excess as compared to long and medium-term loans:

- In the first category, the ratio of long- and medium-term loans to sight deposits decreased from 42.3% to 40.9% (-1.4 points) during the period under review;
- In the second category, it remains at around 19.7%, with a very slight decrease (-0.03 points).

**Table 3.26: Trend in the long and medium term loans to sight deposits ratio**

	2018			2019		
	SD	LMTL	LMTL/SD	SD	LMTL	LMTL/SD
CATEGORY 1	251.7	106.4	42.3%	294.6	120.5	40.9%
CATEGORY 2	185.9	36.7	19.7%	234.1	46.1	19.7%

**Source**: NEFC, SD= Sight deposits, LMTL= Long and medium term loans

### III.2.4. Supervision

During the financial year 2020, COBAC issued twenty-six (26) Decisions on MFIs, as presented in the table below.

**Table 3.27:** COBAC Decisions

<b>COBAC DECISIONS</b>	<b>NUMBER</b>
<b>Injunctions against MFIs</b>	6
<b>Prior authorization for the renewal of the External Auditor mandate</b>	1
<b>Assent for licensing of managers</b>	4
<b>Refusal to issue assent for licensing of MFIs</b>	2
<b>Prior authorization of capital increase</b>	1
<b>Prior authorization for transfer of capital</b>	1
<b>Prior authorization for affiliation to a network</b>	1
<b>Prior authorization for change of category</b>	3
<b>Prior authorization change of denomination</b>	4
<b>Extension of provisional administrator mandate</b>	1
<b>Extension of liquidator mandate</b>	1
<b>Winding up</b>	1
<b>Total</b>	<b>26</b>

**Source :** NEFC

### III.3. Administration of the NEFC IT platforms

#### III.3.1. CIP-FIBANE-CASEMF platform

During the year 2020, the NEFC General Secretariat continued to monitor the reporting on of the platform by reporting institutions. As at December 31<sup>st</sup>, 2020, the number of institutions covered by the platform was 142 detailed as follows: 15 banks, 04 financial institutions, CAMPOST, and 122 MFIs (of which 76 were in the first category, 42 in the second category and 04 in the third category).

The number of accounts opened rose from 12,004,967 in 2019 to 12,293,068 in 2020, thus increasing by 2.4%. The number of mobile money accounts, that rose from 4,925,766 in 2019 to 4,991,684 in 2020 (+1.3%), represents on average 41% of the open accounts tele-reported in the platform. Closed accounts, however, rose slightly between 2019 and 2020, from 1,035,372 to 1,036,361, thus increasing by 0.1%.

As regards payment incidents, the stock declared by reporting institutions was 165,525 in 2020, as compared to 117,170 in 2019, thus increasing by 41.3%. In terms of value, payment incidents reached 535.7 billion in 2020 as compared to 397.2 billion in 2019, thus increasing by 34.9%. The number of reported loans increased by 13.2% and the value by 11.3%. Bad debts also increased in number, from 4 287 984 in 2019 to 4 937 524 in 2020, thus rising by 15.1%. In value terms, they rose by only 0.1% over the same period.

As regards corporate Fiscal and Statistical Declarations (FSDs), reporting institutions declared 153 in 2020, bringing the stock to 890, which represents an increase by 20.8% as compared to

the stock recorded as at December 31<sup>st</sup>,2019. The number of MFIs' FSDs reported in CASEMF also increased between 2019 and 2020, from 1 436 to 1 534, thus rising by 6.8%.

Table 2.28: Situation of the main data reported in the CIP-FIBANE-CASEMF platform

Types of data <sup>4</sup>	2019	2020	Variations	
			Absolute	Relative (%)
<b>1.CIP</b>				
Number of accounts opened	12,004,967	12,293,068	288,101	<b>2.4</b>
Of which Mobile Money accounts	4,925,766	4,991,684	65,918	<b>1.3</b>
Number of closed accounts	1,035,372	1,036,361	989	<b>0.1</b>
Number of payment incidents	117,170	165,525	48,355	<b>41.3</b>
Amount of payment incidents (in billion CFA francs)	397,2	535,7	139	<b>34.9</b>
Number of loans	15,451,473	17,488,065	2,036,592	<b>13.2</b>
Amount of loans (in billion CFA francs)	114,763.9	127,709.0	12,945	<b>11.3</b>
Number of bad debts	4,287,984	4,937,524	649,540	<b>15.1</b>
Amount of bad debts (in billion CFA francs)	1,134,883.2	1,136,142.8	1,260	<b>0.1</b>
<b>2.FIBANE</b>				
Number of companies FSDs	737	890	153	<b>20.8</b>
<b>3.CASEMF</b>				
Number of MFIS' FSDs	1,436	1,534	98	<b>6.8</b>

<sup>4</sup> The CIP data are stocks covering the period from 1948 to date, while the FSDs data cover the period from 2013 to date.

### Box 3.4 : NEFC IT platform

The NEFC IT platform is made up of six modules that interact with one another, namely:

- 1) **The Payment Incidents Board (CIP)**, that centralizes, aggregates and disseminates all payment incidents recorded by all credit and microfinance institutions, in particular: payment incidents on cheques, bills of exchange and promissory notes; irregular cheques and cards; bank bans on issuing cheques or having a payment card issued; court bans on issuing cheques or having a payment card issued; waivers of court bans, etc.
- 2) **The National Banking File for Enterprises (FIBANE)**, that records the accounting and financial data of companies declared by reporting entities, making it possible to assess their financial, operational and managerial performance. It includes general information on companies (share capital, purpose, directors, partners, turnover, balance sheets, etc.), loans granted, directors' banking commitments, banking incidents, etc.
- 3) **The Framework for the Analysis and Monitoring of Microfinance Institutions (CASEMF)** that centralizes the financial statements of microfinance institutions and allows for the assessment and analysis of their operational, financial and social performance;
- 4) **The Risks Board for Microfinance Institutions (CREMF)**, that collects information on loans granted by credit and microfinance institutions to their clients. When analyzing a loan application, the reporting entities can consult information on the applicant's bad debts throughout the financial system and on the status of each loan (with or without default payments).
- 5) **The National Registry for Movable Securities (RNSM)**, that centralizes data on legal, conventional and judicial securities serving as guaranties for loans granted by credit and microfinance institutions.

Access to the information centralized in the NEFC IT platform is secure via a web interface (<https://NEFCcameroun.cm>), as follows:

- without prior agreement, for the authorized services of BEAC, COBAC, microfinance institutions and credit institutions;
- Upon request to the Secretary General of the NEFC, for the judicial authorities, the legal, economic or financial administrations, a list of which is established by the Minister of Finance;
- Upon request to the Secretary General of the NEFC for any person recorded in the platform, and only for information concerning him/her.

For the specific case of the RNSM, any interested natural or legal person can consult the centralized data. The consultation is done through a search form accessible online on the NEFC website, based on the surname(s) and first name(s) of the borrower or the grantor of the movable security. The search can also be carried out using the description of the asset or assets that constitute the movable security.

- 6) **The application for calculating and archiving the Annualized percentage rate (EGR) and the Usury Rate** that makes it possible to determine the real costs of the loans granted by the reporting entities to their customers and to determine the usury thresholds applicable in Cameroon.



**VI- Importance of the platform**

<b>Modules</b>	<b>For the National Financial System</b>	<b>For Natural Persons and Legal entities</b>	<b>For Reporting Entities</b>
<b>CIP</b>	<i>Restoring public confidence in non-cash means of payment (cheques, bills of exchange, promissory notes, etc.) and sanctions for defaults identified in their usage;</i>	<i>Settlement of transactions through non-cash means of payment that are more secure than cash.</i>	<i>Building the credibility of the payment instruments they make available to their customers and improving their KYC processes</i>
<b>CREMF</b>	<i>Reduction of information asymmetries among lenders and borrowers and of default risks by making available to banks and MFIs information on all loans applicants' commitments to the financial system.</i>	<i>Limiting over-indebtedness and defaults payments</i>	<i>Improving loan granting decisions with an additional decision-making support tool</i>
<b>RSNM</b>	<i>Increasing SMEs funding through better mobilization of movable securities.</i>	<i>Improving access to loans by SMEs and individuals who do not have mortgage collateral.</i>	<i>Improved risk assessment movable securities and increased lending to SMEs</i>
<b>APR</b>	<i>Improving the financing of the economy by reducing the cost of loans and limiting over-indebtedness</i>	<i>Obtaining loans at better interest rates and limiting over-indebtedness through usurious rates</i>	<i>Guarantee that the cost of credit is accurate and that the usury rate is not reached when the loan is granted</i>
<b>FIBANE</b>	<i>Improved funding of companies, through the availability of certified information on their accounting and financial data, as well as a better knowledge of their management</i>	<i>A guarantee of good management through the dissemination of company accounting data and financial indicators</i>	<i>Knowledge of the risk profile of the companies receiving loans</i>
<b>CASEMF</b>	<i>Evaluation of the operational and financial performance of MFIs for a better assessment of default and bankruptcy risks.</i>	<i>Reduction of non-repayment risks for MFIs clients</i>	<i>Improvement of operational and managerial performance through periodic assessment reports by the NEFC</i>

### III.3.2. APR Application

The APR application made it possible to archive statistics on the APRs of loans granted by credit institutions and second category MFIs during the year 2020. The institutions covered by the application as at December 31<sup>st</sup>, 2020 are the 15 operating banks, 4 financial institutions and 21 second category MFIs (representing more than 80% of the intermediation activity in this category).

Thus, the volume of loans reported by banks through the application was 3 537.9 billion in 2020, which represents 1 829.2 billion and 1 708.7 billion respectively in the first and second semesters of the year 2020. Financial companies reported 53.2 billion in loans in 2020 (26.5 billion in the first semester and 26.7 billion in the second semester of the year 2020), while category 2 MFIs reported 115.3 billion (38.2 billion in the first semester and 77.1 billion in the second semester of the year 2020).

**Table 2.29: Volume of loans declared by reporting entities in the APR application**

Institutions	Volume of credit declared (in billion CFA francs)		
	1 <sup>st</sup> Semester of 2020	2 <sup>nd</sup> Semester of 2020	Year 2020
Banks	1,829.2	1,708.7	<b>3,537.9</b>
Financial companies	26.5	26.7	<b>53.2</b>
2nd category MFIs	38.2	77.1	<b>115.3</b>

### III.3.3. The National Registry for Movable Securities (RNSM)

Following the launching of the campaign to disseminate information on the NEFC's IT platform, the number of notices registered in the National Registry for Movable Securities (RNSM) has increased significantly. Thus, between December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2020, the number of notices registered rose from 216 to 2,031 (+1,815), thus increasing from 159.7 billion to 483.4 billion. However, only 22 reporting entities, including 11 banks, 8 microfinance institutions and 3 financial companies, had already transferred their data to the new database by the end at December 2020.

**Table 2.30: Statistics on notice postings in the RNSM per type of security**

Type of security	2019		2020		Variations			
	Amount (in million CFAF)	Number of notices posted	Amount (in million CFAF)	Number of notices posted	Absolute		Relative (%)	
					Amount	Number	Amount	Number
Collateral	123,839.1	149	284,914.4	600	161,075.3	451	130.1	302.7
Pledge	32,419.9	55	162,665.9	739	130,246	684	401.7	1,243.6
Leasing	3,398.6	12	3,5391.9	588	31,993.3	576	941.4	4,800.0
Privileges	0	0	381.7	68	381.7	68	-	-
Withholding right	0	0	83.8	32	83.8	32	-	-
Property Reserve	0	0	2.3	4	2.3	4	-	-
<b>Total</b>	<b>159,657.6</b>	<b>216</b>	<b>483,439.9</b>	<b>2,031</b>	<b>323,782.3</b>	<b>1,815</b>	<b>202.8</b>	<b>840.3</b>

## **III.4. Thematic study: Social performance of microfinance institutions**

### **III.4.1. Introduction**

With a banking services coverage rate for the adult population of 22.1% at the end of 2019, the Cameroon financial system continues to exclude many people. In order to reverse that trend, public authorities have chosen microfinance as the main vehicle under the National Strategy for Inclusive Finance (NSIF).

Article 1 of Regulation No. 01/02/CEMAC/UMAC/COBAC on the conditions for exercising and controlling the microfinance activities within the CEMAC zone defines microfinance as the activity carried out by licensed entities that have the status of neither banks nor financial companies, that carry out lending transactions and/or savings collection on a regular basis, and offer specific financial services to populations that operate essentially outside the traditional banking system. That definition highlights the importance of social performance in the context of microfinance activity.

According to CGAP<sup>5</sup>, social performance is the effective translation into practice of the social objectives of a microfinance institution. Those objectives include serving a growing number of poor and excluded people in a sustainable manner, improving the quality and relevance of financial services, improving the economic and social situation of clients, and ensuring social responsibility towards clients, employees and the community served<sup>6</sup>.

For that reason, social performance monitoring in the CASEMF was instituted by the NEFC, in order to enable MFIs, public authorities and development partners to assess the actions and commitment of MFIs to effectively fulfil their social mission.

This report, the first of its kind, provides an overview of the microfinance sector in the year 2020.

### **III.4.2. Methodological framework**

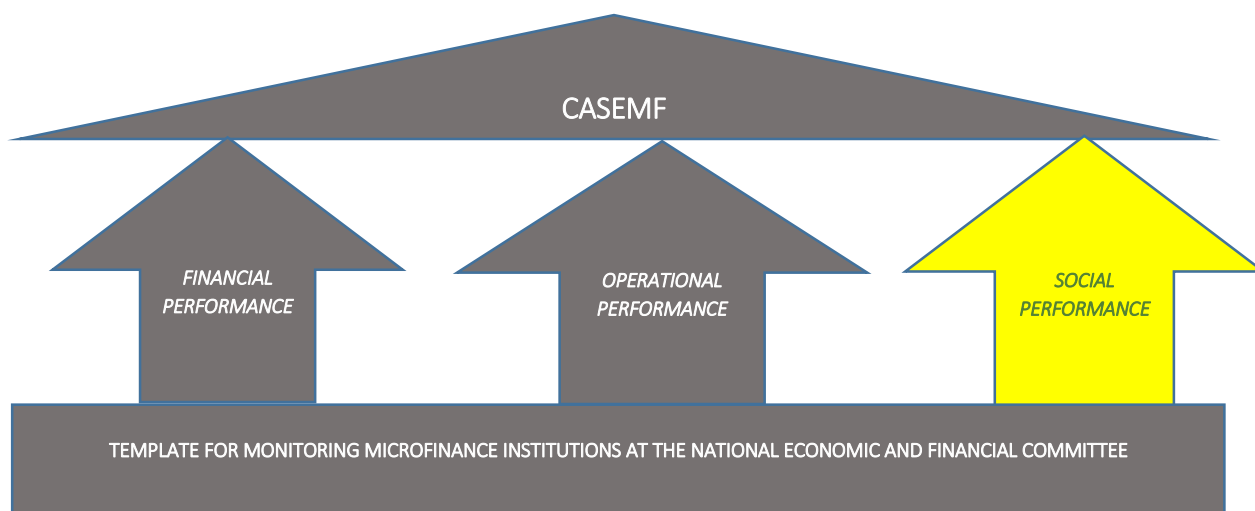
The monitoring of MFIs at the NEFC General Secretariat is based on three pillars, namely, the assessment of financial performance, the assessment of operational performance (management), and the assessment of social performance.

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<sup>5</sup> *The Consultative Group to Assist the Poorest (CGAP), an initiative of the World Bank, is a joint effort of some 20 bi- and multilateral donors to provide governments, donors and practitioners internationally with lessons on "best practices" for reaching the poor with viable and sustainable financial services.*

<sup>6</sup> *CGAP" Beyond Good Intentions: Assessing the Social Performance of Microfinance Institutions", Focus Note n° 41, May 2007, p.3*

Figure 3.1: Overview of the CASEMF



The social performance assessment in CASEMF is based on the SPI-CERISE<sup>7</sup> tool which is a questionnaire-based approach hereto attached, supplemented, where necessary, by on-site discussions with interview respondents. It is based on 4 dimensions, as illustrated in the graph below:

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<sup>7</sup> *CERISE (Comité d'échange, de réflexion et d'information sur les systèmes d'épargne-crédit) is an association specialized in the promotion of ethical finance, created in 1998. The (SPI) initiative has been led since 2002 by the French network CERISE in association with a set of international partners (Argidius Foundation in the Netherlands, Charles Mayer Foundation - FPH in Switzerland, University of Göttingen in Germany, Swiss Cooperation - SDC and CGAP, as well as a set of partner microfinance institutions and the members of a working group supported by the Charles Mayer Foundation (Chantier Finance solidaire). The general principle is based on the idea that in order to strengthen its social impact, an institution must be able to clarify its mission and ensure that its actions are consistent with its mission. Thus, rather than simply observing its effects at the end of the chain, the MFI can verify that it is giving itself the means to achieve its social objective*

**Figure 3.2: CERISE Tool - Dimensions and indicators**



Source : CGAP

- **Dimension 1-Targeting the Excluded People:** The assessment in this dimension focuses on the MFI targeting strategy (geographical, individual or lending methodology targeting) and its results. In fact, MFIs may target poor or socially excluded people, offer financial services in an area where no financial institution is represented, or offer services to people who are excluded from the banking system but who cannot be considered as poor or socially excluded (civil servants, entrepreneurs, SMEs, etc.);
- **Dimension 2-Tailoring products and services to clients' needs:** The items assessed in this dimension are the diversity of services, the quality of services (speed, proximity, transparency, adaptation to needs) and clients' access to specific non-financial services. In fact, the targeting of the excluded is insufficient because the microfinance products and services offer is often standardized. The MFI should also analyze its target group and set up specific financial products to meet its needs;
- **Dimension 3-Building trust with its clients and strengthening their social and economic wellbeing.** The assessment in this dimension focuses on the MFI trust and information sharing with its clients, the involvement of clients in the MFI decision-making bodies, and finally the MFI actions in terms of building the clients' social wellbeing. In fact, the existence of a relationship of trust with a MFI's clients can contribute in reducing its costs, improving its repayment rate, reducing its clients opportunistic behaviour, and in general, reducing the MFI risks. For clients, such a relationship can be beneficial in terms of capacity building (financial education, participation in training) and social wellbeing building (information sharing, lobbying, business networking, etc);

- **Dimension 4 - Social responsibility of the MFI towards its staff, clients and the community it serves**: The points assessed in this dimension are social responsibility towards staff, clients and the community it serves. Social responsibility implies the implementation of an adequate human resources management policy, the adaptation of the MFI culture to the cultural and socio-economic context, the regular evaluation of the impact of the MFI actions on its clients and on the community in which it operates, and the reinvestment of a part of the income for the benefit of the community.

The social performance rating is carried out periodically on the basis of the answers to the dedicated questionnaire. Each answer corresponds to a number of points, and the overall score is the sum of all the points obtained. The MFI is then ranked by comparing its score with that of its peers on the following scale:

**Table 3.31: Performance rating scale**

RATING	SIGNIFICANCE	Points range
5	Very High: Strong and sustainable commitment to social objectives. Efficient management of the institution social performance and social responsibility risks. The institution is very likely to generate a positive social impact.	] 42 ; 33,7]
4	<b>High: Clear commitment to social objectives.</b> Reasonable management of social performance and of risks related to the institution social responsibility. The institution is likely to generate a positive social impact.	] 33,6 ; 25,3]
3	<b>In progress: Clear intention to achieve social objectives.</b> Social performance management systems are implemented.	] 25,2 ; 16,9]
2	<b>Initiated: Clear intention to achieve social objectives.</b> Weak capacity to manage social performance.	] 16,8 ; 8,5]
1	<b>Not tangible: The intention to achieve social objectives is not tangible.</b> Low level of social performance management	] 8,4 ; 0]

For the year 2020, only institutions connected to the NEFC IT platform were targeted for this first ever survey on the Committee social performance management. The NEFC social performance questionnaire was sent to 104 institutions, and 75 of them sent responses to the NEFC General Secretariat, which represents a response rate of 67%.

### III.4.3. Survey results

Out of the 75 institutions that actually participated in the survey, none expressed a **strong and sustainable commitment** to help improve the situation of those excluded from the traditional banking system through better access to financial services (**Very High**).

However :

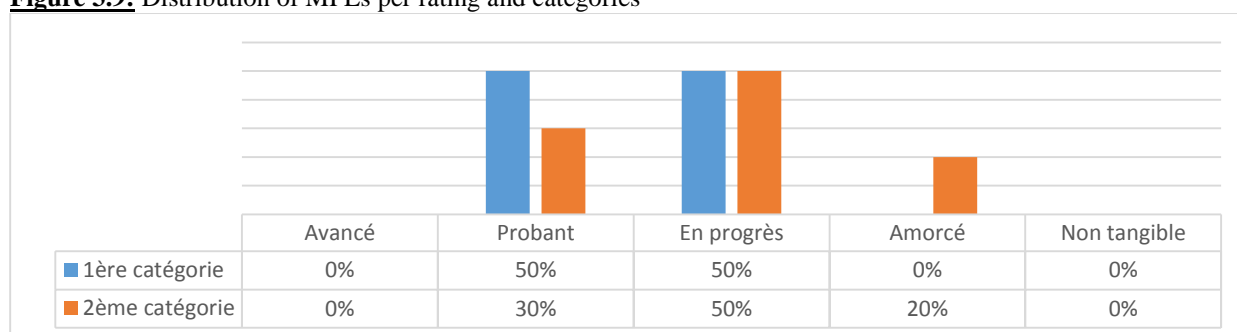
- 31 institutions express a **clear commitment** to fulfilling their social mission (**High**);
- 37 MFIs show a clear intention to fulfil it, and state that they have taken steps in that direction (**In progress**);
- 07 institutions express the **intention** to fulfil it but do not have the capacity to do so (**Initiated**).

**Table 3.32:** Distribution of MFIs per Rating

RATING	SIGNIFICANCE	NUMBER OF INSTITUTIONS
5	Very High	0
4	High	31
3	In progress	37
2	Initiated	07
1	Not tangible	0

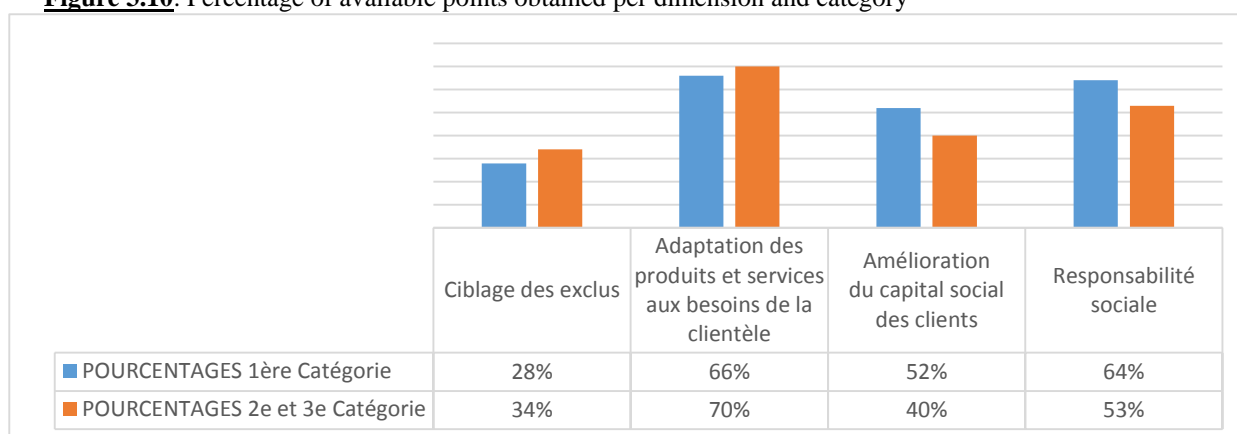
50% of the 1<sup>st</sup> category MFIs and 30% of the 2<sup>nd</sup> category MFIs that participated in the survey show a **clear commitment** to social objectives (**High**). 50% of the MFIs in categories 1 and 2 that participated in the survey have a **clear intention** to achieve social objectives and have taken steps in that direction (**In progress**). Finally, 20% of the 2<sup>nd</sup> category MFIs have the intention to fulfil their social mission but do not have the capacity to do so (**In progress**). No 1<sup>st</sup> category MFI is included in the above category.

**Figure 3.9:** Distribution of MFEs per rating and categories



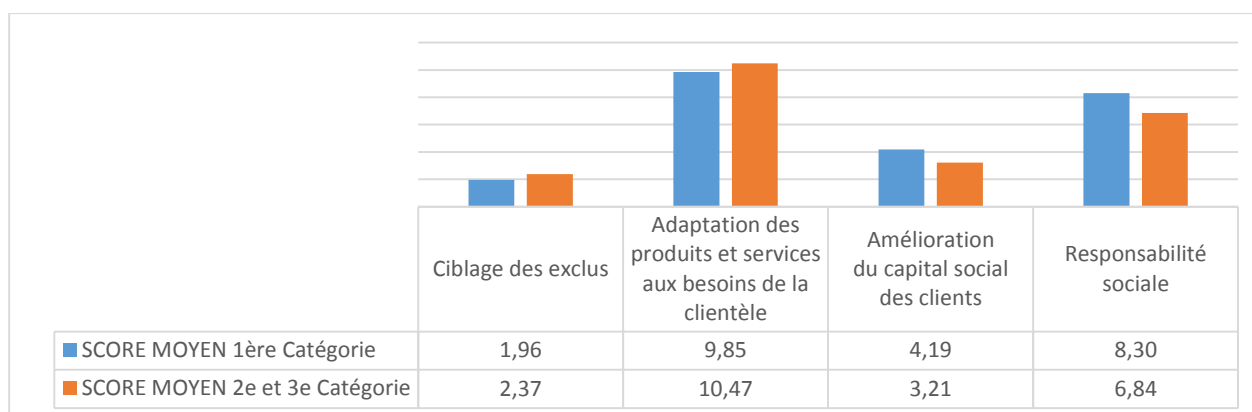
The analysis per dimension reveals that targeting the excluded is the dimension in which MFIs perform the least in all categories, followed by improving clients' social capital, social responsibility, and tailoring products and services to clients' needs.

**Figure 3.10:** Percentage of available points obtained per dimension and category



The analysis per category reveals that second category MFIs are the most successful in targeting the excluded and in adapting products and services. On the other hand, first category MFIs are better in terms of transparency, improvement of social welfare and social responsibility.

**Figure 3.11:** Average scores per category



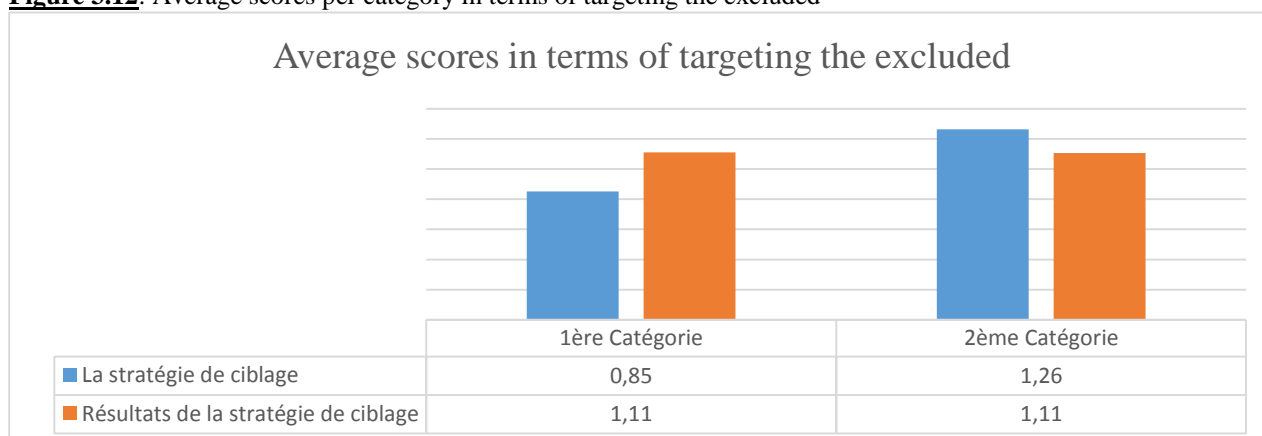
#### III.4.4. Targeting the poor and the excluded

74% of the interview respondents use indicators of poverty and exclusion to target their clients. Those indicators are low literacy, low income, insecure housing, lack of assets, geographical remoteness, number of family members, type of business and physical disability. However, less than 5% of them have branches in hard-to-reach areas. Similarly, the minimum amount required for opening a savings account is more than CFA 5,000 in 78% of those institutions.

Furthermore, women represent more than half of the beneficiaries of loans in 2% of them, and in 41%, depositors with a monthly savings level of less than 10,000 CFA francs represent less than 20% of clients/members.

As mentioned earlier, the 2nd category scores highest in terms of targeting the excluded.

**Figure 3.12:** Average scores per category in terms of targeting the excluded



#### III.4.5. Tailoring products and services to the needs of the target audience

89% of the institutions surveyed offer loans tailored to the needs of clients in the areas of education, housing, health, trade, agriculture, livestock and equipment. For that purpose, 60% define loan repayment schedules jointly with borrowers; 52% offer specific savings products; 93% offer innovative financial services such as money transfer, payments by cheque and bank cards, online micro-credit, mobile banking, electronic money and other services.

Furthermore, 37% of them periodically visit more than half of their customers, and 83% have put in place specific measures to satisfy them, such as adapting branch opening hours and the opening of collection points on market days.

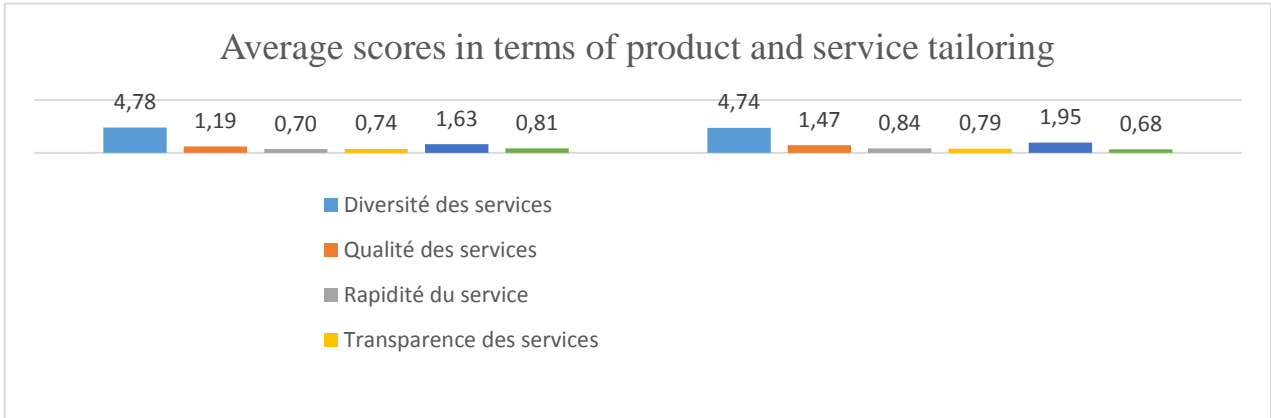


76% of the institutions process, in less than two weeks, the loans applications received, 76% issue written bank statements to customers, and 57% conduct market studies to improve their services, either through the analysis of loan applications (35%) or through field surveys (22%).

Finally, with regard to client access to non-financial services adapted to social needs, this is only generalized in 28% of surveyed institutions.

The 2<sup>nd</sup> category scores highest in 4 out of the 6 areas related to service tailoring. The 2 areas where it performs the least are client access to non-financial services and service tailoring to clients' needs.

Figure 3.13: Average scores per category in terms of product and service tailoring



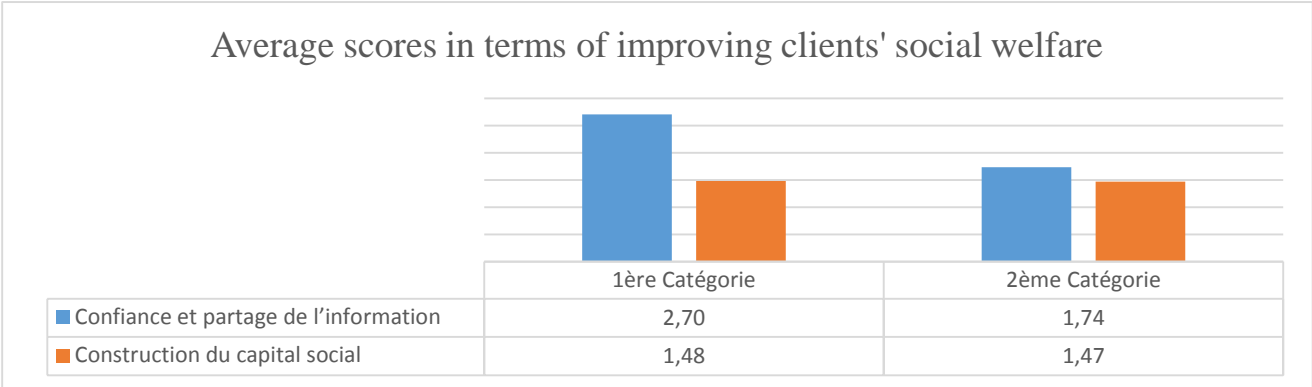
**III.4.6. Improving social and economic wellbeing**

Publishable financial information is available to all customers in 70% of institutions, either by posting (35%) or upon request (35%). Besides, customers can meet with a senior official in the event of disputes in 70% of institutions, and 28% of them have a dedicated internal disputes resolution organ.

Furthermore, 44% of interview respondents have training programmes for small entrepreneurs and 74% carry out occasional or frequent actions to facilitate access to some services.

The 1<sup>st</sup> category scores highest in terms of trust and information sharing. The scores for building clients' social welfare are almost equal in both categories.

**Figure 3.14:** Average scores per category in terms of improving clients' social welfare



**III.4.7. Social responsibility**

74% of the institutions surveyed replied that they have staff regulations and a salary scale and 50% had annual staff training schedules. In addition, 46% had staff medical coverage.

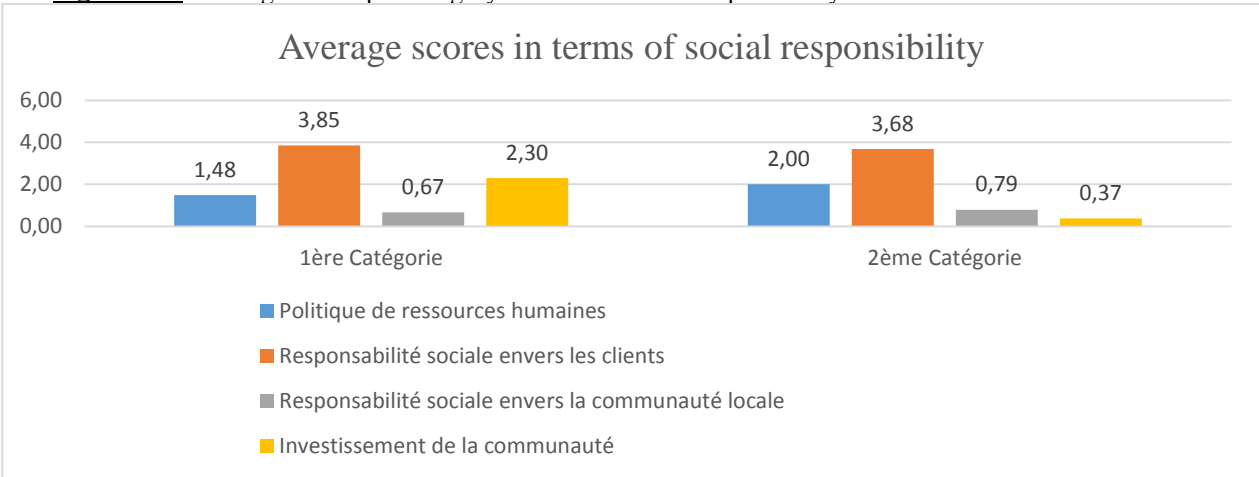
Besides, 78% have adopted measures to prevent over-indebtedness and to limit excessive interest rates. Furthermore, 61% of the institutions surveyed systematically require borrowers to take out a substantial insurance policy as a prerequisite for being granted a loan.

The employees of 72% of the institutions surveyed are fluent in the dialects of the communities in which they operate.

26% of the institutions surveyed provide funding for community projects. 65% participate in a solidarity system with other institutions, and 11% have a special fund to respond to disasters or casualties in the communities in which they operate.

The 2<sup>nd</sup> category gets the highest scores for human resource management policy and social responsibility towards the local community.

**Figure 3.15:** Average scores per category in terms of social responsibility



The main shortcomings in social performance management in those institutions are the low level of implementation of the targeting strategies for the excluded defined by the institutions, the limited transparency and access of clients to financial information, the low level of non-

financial support for projects owners and SMEs, and the limited contribution in the funding of social community projects.

In order to reduce them and to build the contribution of the microfinance sector in the improvement of financial inclusion in our country, social performance management should be put at the heart of public policies supporting the development of the microfinance sector, with a particular emphasis on capacity building of MFIs in that field.

## **CONCLUSION**

After its effective setting up on March 12<sup>th</sup>, 2020 to replace the National Credit Council (NCC), the NEFC has carried out its missions properly despite the international and national context characterized by the Covid-19 pandemic. In fact, three statutory sessions were held, the various technical committees examined the topics that were submitted and the General Secretariat globally achieved the objectives it was assigned.

In the future, the NEFC intends to:

- Continue the activities of disseminating information on its IT platform among reporting entities;
- Disseminate information on Law No. 2019/021 of December 24<sup>th</sup>, 2019 to lay down some rules governing credit activity in the banking and microfinance sectors in Cameroon;
- Continue the study on the preparation of the financial sector development plan for Cameroon;
- Continue the 2nd phase of the e-money study;
- Continue the study on the creation of a guarantee fund for SMEs in partnership the World Bank;
- Continue the deployment of applications for collecting and centralizing, from microfinance and payment institutions as well as from insurance companies, data on banking customers;
- Continue the implementation of the dissemination plan for the NEFC IT platform;
- Set up Banking tariffs benchmarking database in Cameroon.

## APPENDICES:

### A.1: Directory of licensed credit institutions as at end of 2020:

NAMES OF BANKS	BOARD CHAIRMAN	GM	DEPUTY GM	LEGAL FORM	CAPITAL	LICENSE	REGISTRATION IN THE SPECIAL REGISTRY OF THE NEFC	NUMBER
<b>AFB</b>	FONKOUA KAKE Jean Paulin	NAFACK Alphonse	YOUSSOUFA BOUBA	Plc	20,000,000,000	Order n°00005/MINFI/DCE2 of 20/07/1987	Individual decision n°01/880 of 14/01/88	BC 11
<b>BAC</b>	KOFFI KONAN Leon	ZOA Eric Valery	SAYOUBA OUEDRAOGO	Plc	35,629,000,000	Order n°00000484/MINFI of 19/09/2008	Individual decision n°58/09 of 19/01/2009	BC 25
<b>BC-PME</b>	Mr. NKODO FOU MENA Théodore	MANDENG née NDOUMBE Agnès	Mr. AMADOU HAMAN	Plc	20,000,000,000	Order n°243/MINFI of 16/08/2013	Individual decision n°03/EC/2015 OF 12/03/2015	BS 01
<b>BGFIBANK</b>	NZONLIE LOWE Richard	ABAKAL MAHAMAT		Plc	20,000,000,000	Order n°180/MINFI of 01/11/2010	Individual decision n°09/10 of 22/11/2010	BC 26
<b>BICEC</b>	BOKAM Jean-Baptiste	Rochdi SANHAJI	RAFFI Georges Rémy	Plc	49,080,000,000	Order n°0024/MINEFI/CAB of 22/01/1997	Individual decision n°05/97 of 10/03/1997	BC 16
<b>CITIBANK</b>	FADIKA YOUSOUF	ACHA GORDON	EDO Marie-Laure	Plc	10,000,000,000	Order n°07/1505/CF/MINEFI of 23/04/2007	Individual decision n°17/98 of 11/08/1998	BC 20
<b>CBC</b>	TIKI Alfred	DJUMMO Léandre	GOUATIER Jean-Elisé	Plc	12,000,000,000	Order n°238/MINEFI/DCE/DMF/IB2 of 19/11/1997	Individual decision n°08/97 of 25/11/1997	BC 17
<b>ECOBANK</b>	RICHARD NDOUMBE LOBE	ABUNAW Gwendoline		Plc	10,000,000,000	Order n°00295/MINFI of 04/07/2000	Individual decision n°24/2001 of 01/02/2001	BC 22
<b>NFC-BANK</b>	AFAMBELE Lucas AGWARA	M.JUIUS BERDU MANJO		Plc	6,127,400,000	Order n°06/400/CF/MINEFI OF 08/12/2006	Individual decision n°41/06 of 21/12/06	BC 23
<b>SCB</b>	OKOUDA Martin Aristide	Alexandre Louis Clément BEZIAUD	Madeleine EBENYE épouse EWELE KOUM	Plc	10,540,000,000	Order n°0008/MINFI/DCE2 of 03/08/1989	Individual decision n°07/89 of 25/08/1989	BC 12
<b>SGC</b>	DOUMBE EPEE Mathurin	MBAYE Bijou, épouse NDIAYE	M. PICHOU Nicolas Bernard Marc	Plc	12,500,000,000	Order 187/MINEFI/CE2 of 05/07/1974	Individual decision n°46/74 of 27/05/1974	BC 3/74
<b>SCBC</b>	ESSOKA Ebenezer	UGHA Chukwuka Cyril		Plc	10,000,000,000	Order 14153/MINFI/CE/D of 20/12/1986	Individual decision n°2/79 of 20/02/1979	BC 6

NAMES OF BANKS	BOARD CHAIRMAN	GM	DEPUTY GM	LEGAL FORM	CAPITAL	LICENSE	REGISTRATION IN THE SPECIAL REGISTRY OF THE NEFC	NUMBER
<b>UBC</b>	NJONG Eric NJONG	Félix Landry NJOUME	-	Plc	20,000,000,000	Order 0319/MINEFI/DCE/DMF/EC of 08/09/1999	Individual decision n°23/00 of 15/06/2000	BC 21
<b>UBA</b>	EKOKO MUKETE	Mr. MAHENG Richard Dominique	FONKWENG ATANGA Marguerite	Plc	10.000.000.000	Order n°07/1512/G/MINEFI of 31/08/2007	Individual decision n°47/07 of 13/11/2007	BC 24
<b>CFC</b>	Mr. NDONGO Jules Doret	Mr. MISSI J.P.M A NEYNOKH	Mr. TJONOG Jean Calvin	Plc	10 000 000 000	Order n°5/78 of 16/10/1978	Individual decision n°5/78 of 16/10/1978	1/ECB
<b>PRO-PME</b>	Mr. NGUE Jean Victor	Mr. EDZOA Pierre Conrad		Plc	2 000 000 000	Order n°00296 of 27/06/2001	Individual Decision No 797 of 28 September 2018	EF 13
<b>SCE</b>	CHOUPO KOUNCHE YVES	Mr. PEDHOM Victor	Mr. KUEMBOVE FUMBOP Hermann Joel	Plc	2 080 000 000	Order n°00156/MINEFI/DCE/DMF/EC of 10/08/1998	Individual Decision No 19/98 of 10 November 2018	EF 1
<b>Wafacash Central Africa</b>	Mrs Samira KHAMLICHI	Mr. Mehdi KHANDID	Mrs. YANA Solange	Plc	2 000 000 000	Order n°0616/MINIFI of 21 November 2016	Individual Decision No 02/EC/2017 of 16 August 2017	EF 12
<b>CCA-BANK</b>	NKEMLA Albert	MEGUDJOU André Alexis	SANDA Ibrahim Oumarou	Plc	15 000 000 000	Order n° 000405MINFI of 30 May 2018	Individual Decision No 06/EC/2018 of 19 July 2018	BC 27