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Structure of Rural Financial Institutions Clients in Cameroun

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Abstract

The original objectives of rural banking sector were:

- to extend credit to small farmers and businessmen especially small female farmers/business women;
- to encourage group lending among borrowers;
- to provide a more efficient institutional capacity for rural credit administration on a self sustaining and permanent basis;
- to provide significant employment opportunities for rural men and women as well as improve nutritional standard of beneficiaries through improved productivity and higher income from the use of credit.

In Cameroon, 51 % of the population is poor and 23 % very poor. 84 % of the poor live in rural areas, while 61 % of the rural population is considered as poor. During two decades after independence, financial repression practised by the government has undermined the evolution of a diversified financial sector with cost-effective services available to all segments of the population. The rural and urban poor have been the most affected. With the liberalisation of the economy in the early 90s, a new consensus on the importance of private rural finance institutions in the development process emerged. This period was characterised by the boom of micro banks all over the country (almost 800 institutions in 2000). However, in the environment in which they are operating, questions on the achievement of their objectives arise. Can they extend their outreach to the poorest while insuring the long-run-sustainability?

The purpose of this research is to find out the segment of the population in which micro banks hired the biggest share of their clients. For this, the Principal Component Analysis (PCA) is used to determine the poverty score of micro banks clients. Information's were collected in 2003 on 264 households' clients and non clients of micro banks. The results shows that just 14.9 % of the clients are from the lowest group (poorest), while 50.8 % from the middle group (less poor), and 34.3 % from the higher group (better off). Government, NGOs and donors then have to play an important role (rural infrastructures, reinforcement of micro banks capacity building) to enable micro banks to achieve their objective of targeting the poorest segment of the population.

Keywords: Clients, financial repression, outreach, principal component analysis (PCA)