

# MICROFINANCE: KEYS TO AVOID BANKRUPTCY

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(2017), the Cameroonian Minister of Finance, published a list of 412 approved microfinance establishments, authorized to carry out activities in Cameroon in 2017. This is a drop from the 500 establishments in 2015, and 418 in 2016.

This drop can be attributed in part to the refusal of approvals to some institutions willing to operate and to management problems, which have led to several bankruptcies. This reduction in the number of microfinance institutions equally, can be attributed to the problems involved in the control and supervision of the sector - in the regulation framework. The microfinance sector in Cameroon remains exposed to illegal practices, which accounts for some of the bankruptcies and shutdowns. For example, most of the establishments approved as category one microfinance institutions equally carry out unapproved operations (such as profit seeking through saving services to the public) patterning to the 2nd category. Also, the limited control of the microfinance sector due primarily to the insufficiency of financial, human and material means at the disposal of the regulatory and control agencies remain a big problem.

In a bid to find possible solutions to the problems in this sector, the actors during their meeting pointed out some

interesting options which included: creating a platform for the permanent recycling of human resources, institutionalizing "Njangi's", urgently establishing a common system for managing effects and risks, developing common strategies to promote credit, saving and research for sustainable resources and lobbying for the adoption of a collective agreement for MFIs. If these are achieved, there will be increased transparency and opportunities for many. Hence, this sector will definitely see a new dawn in Cameroon

Finally, to ensure a total success of the MFIs, there is a need for these institutions to look back at their goals and reasons for existence and the need for micro-financial institutions in an economy. Focus more on sustainably achieving these goals rather than place so much emphasis and focus on profit making ventures and forget to follow regulations in order to meet stated goals. Some of these goals include: improve the quality of life of the poor through financial support services, sustainable development, create opportunities for self-employment for the underprivileged and human capital development of the poor, which will enable them, earn a living. With these in mind, bankruptcy in Micro-financial institutions will be avoided.



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