

## Credit Unions as Source of Economic Empowerment in Bamenda, 1990-2016

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**Abstract:** The objective of this paper is to show that credit unions were instruments of economic empowerment in Bamenda. Over the past decades, substantial levels of social science literature have dwelled on the subject of poverty, whose strength has been felt in every facet of the society. This societal plague has been blamed for actually everything that has gone wrong in the Bamenda metropolis, especially in the post-economic crisis era. Financial inclusion of low income earners was a necessary step in this regard by credit unions to economically empower members through their varied services. It was in this context that credit unions progressively gained prominence in the economic empowerment discourse of their clientele. at the peak of the economic crisis in the 1990s. This paper argues that credit unions emerged and became popular in the 1990s as financial vehicle in the economic empowerment drive of its members. The research builds on data collected from primary and secondary sources which were presented qualitatively. Findings revealed that credit unions, through the granting of loans and savings, have been able to empower their members economically in the domains of agriculture and trade activities. The paper concludes that this endeavor though laudable was truncated by certain difficulties and malpractices. This paper portrays credit unions as financial institutions in the crusade for economic empowerment in Bamenda.

**Keywords:** Credit Unions, Loans, Economic Empowerment, Bamenda

### 1. INTRODUCTION

The development of micro financial institutions is closely linked to the changing situation in the local financial market, caused by economic crisis and the measures that were prescribed by international financial institutions to restructure the economic system in the 1980 and 1990s. The popular and institutionalized forms of financial institutions provided by government and private companies to the public crashed during the economic recession of the 1980s. It was argued that these government sponsored credit schemes and commercial banks excluded the low income earners by charging high interest rates and demanding collateral security for the credit.<sup>1</sup>

Microfinance was promoted as a key empowerment strategy to enable low income earners cope with the adverse economic and social impact of the Structural Adjustment Programme (SAP) policies which were implemented by the Bretton woods system to ensure economic recovery of the African economy. The period 1980s to the 1990s saw the shrinking of the indigenous economies and the implementation of austerity measures prescribed by the Bretton woods institutions.<sup>2</sup> This move witnessed soaring poverty levels as there was a drop in income. Credit unions therefore became empowerment-oriented within the economic context of this period of crisis. The assumption was that increased access to micro-finance was a channel to economic empowerment of the credit union

<sup>1</sup> Lotsmart Fonjong, "Micro Financial Institutions as Agents of Improvement of Women's Economic Position in North Western Cameroon", *Atlantis Journal*, volume 26(2), 2002, 3.

<sup>2</sup> Akogutuh Alasah, "Womens Empowerment and Community Development in Cameroon: A Case Study of NGOs and Women Organisations in the North West Province" (PhD Dissertation in Social Sciences, University of Southampton, 2008), 2

members.<sup>3</sup> It was also assumed that enabling low income earners access to credit favoured entrepreneurship which would enabled them improve their incomes and eventually escape the poverty trap.<sup>4</sup>

Thus, the limitations of modern banking institutions provided the basis for the rise to prominence of credit unions in Bamenda. The economic meltdown brought about a collapse in economic activities and consequent adjustment policies. The impact on the average Cameroonian was unbearable; family incomes fell while the cost of living increased. The informal sector became saturated with petty traders in their efforts to supplement family incomes.<sup>5</sup> This new impetus set the pace for increased participation of microfinance institutions to empower their members economically given that this period was marred by growing impoverishment of the indigenous population.<sup>6</sup> Consequently, this paper argues that credit unions were instruments of economic empowerment of their members in Bamenda within the context of the economic crisis era.

## 2. CONCEPTUAL FRAMEWORK

Two concepts are used in this study to demonstrate the implications of credit unions in the economic empowerment drive. These terms include empowerment and credit union. Empowerment refers to the measures designed to increase the degree of autonomy and determination in people and communities in order to enable them represent their interest in a responsible and self-determined way acting on their own authority. The empowerment theory posits that microfinance is a tool for economic empowerment and poverty alleviation. Empowerment theorists argue that this is as a result of the failure of mainstream development theories in addressing the growing impoverishment in third World countries due to the exclusion of the grassroot population from developmental initiatives by the government or policy makers.<sup>7</sup>

Joakim Kautto contends that economic empowerment is the accumulation of endowments (assets), the use of those endowments to take up economic opportunities and generate incomes; and the application of those endowments to take actions, or agency, affecting individual and household well-being.<sup>8</sup> According to Kabeer, empowerment entails the processes by which those who have been denied [mainline commercial banks imposed stringent collateral measures on clients who wanted to subscribe for loans] the ability to make life choices acquire such ability through the provision of microfinance services by credit unions.<sup>9</sup> Mukhooli, defines empowerment as a situation whereby people, especially “poor people”, are enabled to take more control over their lives, and secure a better livelihood with ownership and control of productive assets as a key element.<sup>10</sup> Mecha reveals that, empowerment seeks to oppose oppression and marginalization, it can be viewed as a process of increasing economic power so that individuals can take action to improve their life situation. Empowerment is thus defined as the fulfilling of the strategic needs and as a process by which people get to expand Their economic possibilities to live the kind of lives they desired. Empowerment was a nexus to help credit union members gain control of their own lives.<sup>11</sup>

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<sup>3</sup>Linda Mayoux, “Microfinance and the Empowerment of Women: A review of the Key Issues”, 4.

<sup>4</sup>Yuh Ngominy Laurence Toh,, “The Impact of Microfinance on Poverty Alleviation in Cameroon: A Case of the Fako Chapter of CamCCUL Ltd” (Long Essay in Banking and Finance, University of Buea,2013),1.

<sup>5</sup>Fonjong, “Micro Financial Institutions as Agents of Improvement of Women's Economic Position”,3.

<sup>6</sup> Josephine Lairap, “The Disciplinary Power of Microfinance: Some Preliminary Evidence from Cameroon” (PhD Thesis in Developmental Studies, University of Amsterdam, 2004),3.

<sup>7</sup> Donald M.Tifor, “Credit Unions in the Economic Development of Mezam Division 1968-2006” (Masters Dissertation in History, The University of Bamenda, 2018),7..

<sup>8</sup>Joakim Kautto, “Women’s Economic Empowerment: A Case Study in Bangladesh Garment Industry”(Lund University, 2015),10.

<sup>9</sup>Naila Kabeer, “Gender Equality and Womens Empowerment: A Critical Analysis of the Third Millennium Development Goal, Gender and Development”,13-24,2.

<sup>10</sup>Chrispus Mukhooli, “Impact of Microcredit Programs on Women’s Empowerment in East Africa (Uganda, Kenya and Tanzania)” (Masters in Development Studies at Murdoch University, 2015), 7.

<sup>11</sup>Nyarondia Samson Mecha, “The Role of Microfinance on Youth Empowerment. An Examination of Theoretical Literature”, International Journal of Scientific and Research Publications, Volume 7, Issue 2, February 2017,4. Esther O. Ogochukwu, et al .“Agricultural Cooperatives and Economic Empowerment of

Economic empowerment is broadly about indigenes assuming control of their lives and gaining the ability to shape their own events and agendas and self reliance.<sup>12</sup> Empowerment theory therefore, focuses on processes that enable participation, enhance control through shared decision making, and create opportunities to learn, practice, and increase skills. The empowerment theory posits further that, microfinance is a tool of economic empowerment and argues that economic empowerment through microfinance [credit unions] was a consequence of the failures of mainstream development theories in addressing economic empowerment and poverty.<sup>13</sup> From the above definitions, empowerment can be said to be an ongoing change process that involves self-determination through the making of choices that can improve a person's wellbeing. It is also relevant to define the concept of credit union.

The definition of credit union has been varied among scholars within the microfinance environment. Paul Sarfo defines credit union as a financial co-operative establishment that offers a variety of services particularly loans and savings to its members.<sup>14</sup> McKillop and Wilson contend that credit unions are self-help cooperative financial organisations geared towards attaining the economic and social goals of members.<sup>15</sup> According to Sharma et al, the credit unions are financial organisations owned and controlled by the members and they provide savings and credit services exclusively to members.<sup>16</sup> From the foregoing postulations, credit unions can be defined as voluntary associations that are focused on providing thrift and credit to members to enable them meet their financial engagements. These definitions delineate the credit union as member owned, member used and member controlled.

For the last few decades, credit unions were regarded as the banks for the low income earners. Under the microfinance programs, low income earners obtained services (loans) on easy terms compared to commercial banks and these loans are often paid back on daily, weekly or monthly installments. Through these loans, credit unions empowered members economically to carry out revenue generating activities. Economic empowerment was recognised as a means of reducing poverty and ensuring economic growth.<sup>17</sup> The process of empowerment was facilitated through micro credit with the assumption that this was invested wisely.<sup>18</sup>

### 3. BASIS OF CREDIT UNIONS IN BAMENDA

The underpinnings of the credit union movement in Bamenda can be traced back to the activities of Rev. Father Anthony Jansen of the Mill Hill mission; a Roman Catholic priest from Holland who had a vision of helping indigenes generate the financial resources they needed as a leverage to raise their living standards in Njinikom where he served as a priest. With this in mind, he created the Saint Anthony discussion group<sup>19</sup> in 1963 which served as a rotating savings and credit association with the aim of assisting members accumulate financial resources for their socio economic needs. The Saint

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Rural Dwellers in Awka North, Anambra State, Nigeria”, IOSR Journal of Business and Management, Volume 20, Issue 7. Ver. III (July. 2018), 22-31:25.

<sup>12</sup> Ibid.

<sup>13</sup> Tifor, “Credit Unions in the Economic Development of Mezam Division 1968-2006”, 6..

<sup>14</sup> Paul Sarfo, “The Contribution of Credit Union Operations to its Members’ Development: A Survey from Nkoranza Area Teachers Credit Union” (MBA Dissertation In Business Finance, University of Cape Coast, 2018) 10.

<sup>15</sup> Donal McKillop and John O.S. Wilson, *Credit Unions: A Theoretical and Empirical Overview* (New York: University Salomon Center and Wiley Periodicals, Inc. 2011), 2.

<sup>16</sup> Sharma N et al. *Impact Assessment of SACCOSs in Nepal’s Hill Districts: Findings of an Action Research* (Kathmandu: Centre for Micro-Finance, 2005), 5.

<sup>17</sup> Yeshiareg Dejene, “Promoting Women’s Empowerment in Africa” (Presentation, Opportunities and Challenges of Development for Africa in the Global Arena, Addis Ababa, Ethiopia 15-17 November 2007), 8.

<sup>18</sup> Ibid., 6.

<sup>19</sup> Members of the group were Juliana Efkwii, Martina Nayoh, Joseph Fombuh, Martha Fultang, Boniface Songmba, Alaba Chiandong, Elias Fending, Patrick Futtang, and Futola Ngwe. See Regional Archives Bamenda (RAB), NW/06Qb/d. 1959/1/Bk, Kom Area Cooperative Union Limited, 26th Anniversary Booklet 1959-1985; Walter Gam Nkwii, *Kfaang and its Technologies :Towards a Social History of Mobility in Kom, Cameroon, 1928-1998* (Leiden: African Studies Centre, 2011), 113.

Anthony discussion group was registered as the Njinikom Cooperative Credit Union in 1964; it was the first Credit Union in Cameroon.<sup>20</sup> From Njinikom, the credit union idea disseminated to other areas especially Bamenda which was the provincial headquarters and the main metropolis in the area.

The first credit union to start within Bamenda was the Azire Cooperative Credit Union which, similar to Njinikom Credit Union started as a discussion group in February 1967 with a tribal grouping of some indigenes of the Meta ethnic group resident in Bamenda called Meta Welfare Union. This discussion group made up of thirteen members met fortnightly and the aim was to assist members accumulate financial resources to help members pay tuition fee for their offspring and to encourage members to acquaint themselves with the culture of saving. During the meetings they were enlightened on the idea and the advantages of a credit union and the attendants decided on a registration of 50 FCFA per member and a monthly contribution of 500 FCFA each. In 1967, the idea of a credit union was introduced in the group, thus leading to the creation of Azire Cooperative Credit Union which was actually registered in 1968 with registration number WC365. Propelled by this initiative, other credit unions were created in Bamenda including the Bamenda Police Credit Union in 1969, Ntarikon and Tadkon credit unions in 1972, Bayelle Credit Union in 1987, and Mitanyen Credit Union in 2000.<sup>21</sup>

The basic objective of these credit unions in the Bamenda metropolis was to promote thrift and provide loans at low interest rates for members for investments and socio-economic wellbeing. In the late 1980s, Cameroon's financial sector experienced a severe crisis. The banking sector was diluted by the difficult economic environment, and weak supervisory framework. These factors led to liquidity and solvency problems in the sector. The reform package put in place measures which included liquidation, restructuring and privatization. Due to the crisis that led to the slowdown of the banking system in Cameroon, microfinance institutions became popular with the objective of poverty alleviation. It was within this context that credit unions emerged as instruments of economic empowerment in Bamenda.<sup>22</sup>

#### 4. CREDIT UNIONS AS INSTRUMENTS OF ECONOMIC EMPOWERMENT IN BAMENDA

The informal savings and loans institutions which were enshrined in the indigenous customs in the form of rotatory savings and credit associations (*njangi* and traditional or ethnic meeting associations) were the foundation of credit unions.<sup>23</sup> In these associations, members pooled their savings which were held by the associations until the end of the year. Members equally obtained loans with low interest rates compared to banks.<sup>24</sup> This served as a spring board from which credit unions emerged and the idea spread to various communities and ethnic groups in Bamenda. The proximity of these credit unions to their members coupled with the quality of services offered to its members facilitated their rapid proliferation in the Bamenda area.

Faced with the economic crisis of the mid-1980s and 1990s, formal financial institutions, could not meet the needs of farmers and small business operators. Louis Chenui adds that the trade deficit suffered by the economy necessitated the putting in place of macroeconomic policies by the Bretton Woods institution as a response mechanism to ensure economic recovery.<sup>25</sup> In the wake of this

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<sup>20</sup>RAB, NW/06Qb/d. 1959/1/Bk, Kom Area Cooperative Union Limited, 26 th Anniversary Booklet 1959-1985., Lou Hammond and Pekka Hyttinkoski, Review of International Cooperation (Brussels: International Cooperation Alliance, 2012), 13. Nkwi, Kfaang and its Technologies Towards a Social History of Mobility in Kom, 113.

<sup>21</sup> Nixon K. Takor and Donald M. Tifor, "The Paradigmatic Shift of Credit Union Mission in Bamenda, Cameroon, 1968-2013", *The International Journal of Humanities & Social Studies*, Vol. 6 (8) August, 2018:96-102, 2.

<sup>22</sup>Christian Nchende, "Corporate Governance and Financial Performance of Mfis in North West Cameroon" (Masters Dissertation in Management, University of Douala, 2015), 26.

<sup>23</sup>Mark W. Delancey, "Credit for the Common Man in Cameroon", *Journal of Modern African Studies*, Volume 15, Issue 2, 1977. 318.

<sup>24</sup>Ibid., 319.

<sup>25</sup> Serge Mesomo Elle, "Microfinance and Entrepreneurship in Cameroon", n.d., n.p., 1, Louis Chenui, "Critical Appraisal of the Legal Framework Governing the Approval of Micro Finance Establishments in Cameroon", nd, np, 3.



precarious economic situation, indigenes pooled their financial resources into Credit Unions which were successfully resilient to the effects of the economic crisis on the banking sector.<sup>26</sup> From the foregoing it can be argued that the role of credit unions in the drive to stimulate economic empowerment through its services, heightened in Bamenda due to the geometric increase in the number of unemployed and low income earners within the study area. Thus, credit unions in Bamenda mapped out strategies to propel entrepreneurial initiatives. Consequently, credit unions were seen as a panacea for economic empowerment in Bamenda within the economic recovery period which coincided with the post 1990 period.

Studies show that by providing low-income households with access to financial services, the credit unions helped to improve their productivity and management skills, diversified businesses, increased income and other benefits, such as; healthcare and education. In this regard, credit unions were at the core of economic empowerment initiatives given that its mission was to ensure access to microcredit to low income earners.<sup>27</sup>

Credit unions in their drive to mitigate poverty and economically empower its members in Bamenda, carried out two main activities: savings and the granting of loans at low interest rates to members. Consequently, members were encouraged to save regularly to enable them obtain loans to improve their socio-economic situation. The underlying conditionality was providing loans to members only after they showed the tendency to save. The size of the loan was positively linked to the size of the member's savings, as borrowing rights was granted on a ratio of three times the size of the member savings. This was in line with the slogan of most credit unions in Bamenda which was "save regularly, borrow wisely and repay promptly."<sup>28</sup> This agrees with the objectives of credit unions to promote thrift and provide loans to members. Efforts of credit unions to empower members shall be discussed from three stands which include: crop production, livestock rearing and trade.

Crop production occupied a crucial slot in the indigenous economy given that the economy was predominantly agrarian based. Consequently, agriculture contributed significantly to the economy. It was under this premise that credit unions encouraged agricultural production by issuing agricultural loans to members and groups. The financial support from Credit Unions led to the acquisition of market gardening inputs by associations and individuals who were members of Credit Unions. The profitability of market gardening products led to the economic emancipation of Bamenda area inhabitants, especially those in Bambui, Bambili and Santa. Tomatoes was one of the market gardening crops cultivated by communities around the Bamenda plateau with financial incentives from the Credit Unions which issued short term loans to foster cultivation. Short term agricultural loans from the Ccas-Agric Credit Union to the "Akonyi Farming Group" led by Gilbert Che enabled them to develop a two hectare tomato farm in separate locations at Finge-Bambui in 2005. The group acquired a loan of 800,000 FCFA disbursed in two installments by the Credit Union. The first installment of 650,000 FCFA permitted the farmers to purchase tomato seedlings, pay for labour on the piece of land and purchased irrigation equipments.<sup>29</sup> The second disbursement of 150,000 FCFA was used to purchase five hundred tomato crates at a cost of 100 FCFA per crate. It also permitted the farmers to pay for harvesting and rent a pickup truck to transport their harvest which was sold at a price of 5,000 FCFA per basket in December 2006 in the Mfoundi Market in Yaoundé. At the end of the process, they realized 2,375,000 FCFA from the sale and the group earned a net profit of 1,475,000 FCFA within 6 months.<sup>30</sup>

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<sup>26</sup>Fonjong, "Micro Financial Institutions as Agents of Improvement of Women's Economic Position. 122. Most of the commercial banks such as Cameroon Bank, *Credit Agricole*, BIAO and *BNP Parsibas* closed down leaving customers without recourse.

<sup>27</sup>Micro credit is the extension of very small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment, or a verifiable credit history. It is designed to support entrepreneurship and alleviate poverty. Fondo Sikod and Menjo Baye, "Microfinance Access and Poverty Reduction in Cameroon", *La Microfinance en Afrique Central: Le Defides Exclus*, (ed). Elias T. Ayuk (Bamenda: Langaa RPCIG, 2005), 253-254.

<sup>28</sup>Takor and Tifor, "The Paradigmatic Shift of Credit Union Mission in Bamenda, Cameroon, 1968-2013", 3.

<sup>29</sup> Gilbert Che, 44 years, Farmer-Teacher (interview), Bambui, May 31, 2017. The account at the credit union was lodged under him given that he founded the group and stood as surety to obtain the loan with his status as a civil servant which made loan procedure easy.

<sup>30</sup>Idem.

In a similar vein, another farming group, the “Bali Dynamic Group” made up of six women was able to raise 1,034,000 FCFA through savings they accumulated in a rotatory saving scheme (*njangi*). In 2005 the members resolved to engage in agricultural activities through the cultivation of tomatoes and maize on a hectare piece of land. In order to successfully carry out this, they registered with the Bali Central Credit Union with the hope of obtaining a loan. The projected cost was 4,232,000 FCFA for its execution but the group raised only 1,034,000 FCFA, so they needed funds to sponsor the project. As a result, they obtained a loan of 3,300,000 FCFA at an interest rate of 1.5% which facilitated the realization of the project. At the end of the farming season, they harvested 500 baskets of tomatoes, 35 tons of watermelon and 25 tons of maize. After sales, the group realized a sum of 4,402,800 FCFA which permitted them to repay the loan. From their net profit of 1,202,000 FCFA, 500,000 FCFA was kept for savings meanwhile 702,000 FCFA was distributed among members to assist them in their various family commitments.<sup>31</sup> It can be argued that the relative narrow profit margin of this group was attributed to the poor market analysis and the absence of a sufficient marketing strategy. From the foregoing, it is evident that the credit union empowered some farming groups economically within Bamenda.

Apart from agriculture, credit unions have fostered trade. This was the case with Julius Tata who was a member of the Bamenda Police Credit Union Limited (BaPCCUL) in the year 2000 while he was still a sales boy. He was able to accumulate 1,000,000 FCFA as savings by 2002 which permitted him to subscribe for a loan of 2,500,000 FCFA in 2002 at an interest rate of 1.2%.<sup>32</sup> With the loan he was able to start a building material provision business “Tata and Bros” at Old Treasury Street, Bamenda along the commercial hub of Bamenda.<sup>33</sup> The business did not go without difficulties he faced problems to repay his loan according to the prescriptions of the credit union. Accordingly, he had to renegotiate the terms of the loan repayment.<sup>34</sup> This was done to ease the financial stress that Julius Tata faced.<sup>35</sup> The policy was introduced in credit unions within the frame of financial inclusiveness and empowerment policy which placed the economic wellbeing of members at the center of its activities. Delays in loan repayments were explained by most members to be associated to unforeseen economic shocks experienced during the takeoff stage of businesses. This was due to the slow turnover that the proprietor witnessed during the early stages of the business.

In another situation, Joan Kombowo joined the Azire Credit Union in 1995 with an initial deposit of 45,000 FCFA and within 3 years period, she pooled her savings of 850,000 FCFA in her account. She was able to obtain a loan of 1,500,000 FCFA, two friends Frida Ngam and Veronica Fambo stood as sureties to guarantee her the loan. This permitted her to finance her store where she sold West African fabric from Nigeria.<sup>36</sup> The informant affirmed that: without the credit union, I would not have been able to cope with life, I educated four children in private secondary schools and three through primary school, and how can a woman like me cope without a reliable trust worthy credit union to forge through.<sup>37</sup>

The availability of micro credit facilities to members assured their self-actualisation and created an enabling environment to help empower them to participate in economic activities. Thus, microfinance institutions offered low income earners and the financially constrained in Bamenda some form of relief provided the loans obtained were wisely invested.<sup>38</sup> Consequently credit unions in Bamenda

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<sup>31</sup> Irene Nyongka, 42 years, Farmer, interview by Donald Tifor, Ntafoang, January 20, 2018.

<sup>32</sup> The size of a loan was positively linked to the size of savings and was granted on a ratio of three times the size of a member's savings (1/3). A member must show the ability to pool in order to benefit from a loan.

<sup>33</sup> Julius Tata, 43 years, Business Man (interview), Old Treasury Street Bamenda, March 23, 2017.

<sup>34</sup> Loan renegotiation was a service offered by credit unions to their members who encountered difficulties in loan repayments. A renegotiated loan is intended to make it easier for the borrower to keep up with future payments and to ensure that the lender was eventually repaid.

<sup>35</sup> Blaise Nkengla, 31 years, Loan Manager, Mitanyen Cooperative Credit Union (Interview), Bamenda, 01 August, 2018.

<sup>36</sup> Joan Kombowo, 51 years, Trader (interview), Ntarikon Bamenda, December 20, 2016.

<sup>37</sup> Idem.

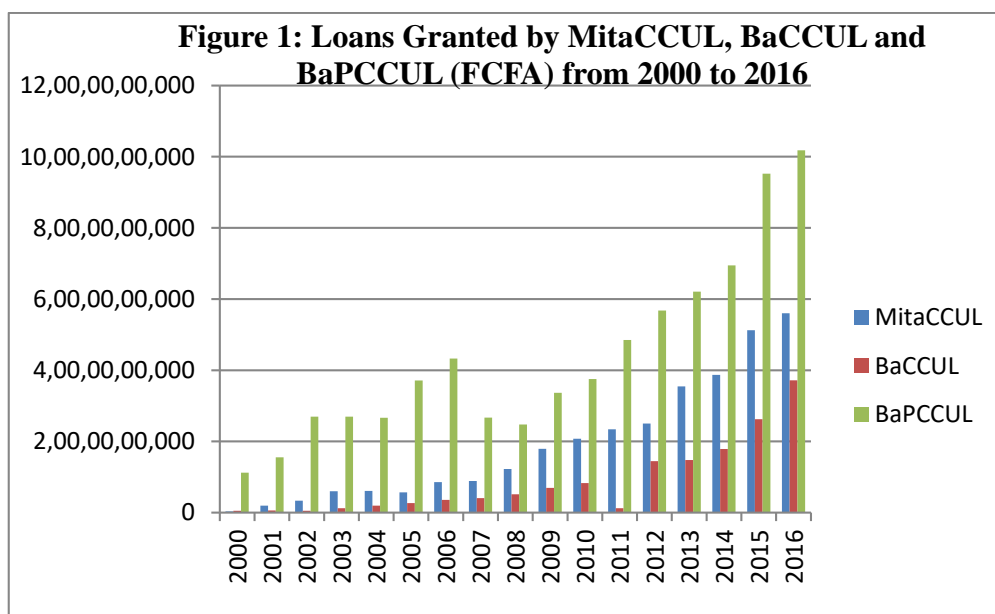
<sup>38</sup> Bismark Dwommor Antwi, “Microfinance and Poverty Reduction in Ghana Evidence from the Dormaa Area Teachers Co-operative Credit Union in Dormaa Municipality-Brong Ahafo” (Master's Thesis, Norwegian University of Life Sciences, 2015), 20.

through their products and services encouraged members to expand their socio-economic opportunities. The foregoing efforts of the credit union to uphold financial inclusiveness, resonates with the empowerment theory on the essence microfinance structures. This theory postulates that credit unions are instruments to economically empower members through the granting of loans for productive purposes. Table 1 shows loan statistics of some selected credit unions MitaCCUL, BaCCUL and BaPCCUL garnered from 2000 to 2016.<sup>39</sup>

**Table1.** Loans Granted by MitaCCUL, BaCCUL and BaPCCUL in FCFA from 2000 to 2016 NB: The tile of figure 1 should be modified to be: Loans Granted by MitaCCUL, BaCCUL and BaPCCUL in FCFA from 2000 to 2016

Year	MitaCCUL	BaCCUL	BaPCCUL
2000	35,022,750	52,306,255	1,121,332,000
2001	193,187,000	60,798,000	1,553,439,000
2002	333,536,023	53,300,154	2,695,595,000
2003	598,558,000	122,210,955	2,694,733,868
2004	610,819,245	194,943,310	2,663,261,000
2005	569,397,509	268,300,855	3,712,103,000
2006	857,892,725	358790,445	4,329,544,392
2007	886,567,947	408,475,785	2,667,326,767
2008	1,223,300,939	515,690,100	2,474,703,995
2009	1,791,576,135	695,748,400	3,367,123,244
2010	2,074,842,997	831,237,195	3,750,772,209
2011	2,341,585,284	124,180,210	4,851,440,534
2012	2,503,556,757	1,446,539,825	5,678,044,028
2013	3,543,704,146	1,478,645,033	6,208,277,955
2014	3,870,364,011	1,789,417,028	6,945,204,479
2015	5,125,532,489	2,624,418,420	9,522,332,025
2016	5,601,399,785	3,718,888,781	10,178,502,686

**Source:** Compiled by Donald Tifor from annual reports of MitaCCUL, BaCCUL and BaPCCUL 2000-2016.



**Source:** Authors Representation of Table 1.

From table 1 and figure 1, it is observed that there was a steady increase in the amount granted out as loans to members by MitaCCUL, BaCCUL and BaPCCUL between 2000 and 2016. Though BaPCCUL witnessed a light fall decrease in 2007 and 2008, the upward trend continued from 2009 to 2016. The surge in loans was linked to increase in membership of these credit unions within same

<sup>39</sup>MitanyenCooperative Credit Union Limited (MitaCCUL), BayelleCooperative Credit Union Limited (BaCCUL) and Bamenda Police cooperative Credit Union Limited (BaPCCUL).

period. Understandably, increased membership meant increase in capital generated by credit unions to give out loans to members for productive purposes.

### 5. CONSTRAINTS FACED BY CREDIT UNIONS IN THE ECONOMIC EMPOWERMENT DRIVE IN BAMENDA

Credit Unions can be likened to two edged swords judging from their objectives at the inception and the changes witnessed, especially by members of the credit union over time. Members decried the discrimination and favouritism practices embedded in the loan granting procedures in many credit unions within Bamenda. The management of loans was marred by favouritism which evidently created a gulf between the rich and the poor within the credit union. This practice it should be noted was in stark contrast to their mission which was to empower low income earners. In the meantime some members got loans beyond their loan ceiling rates. This was the case in some credit unions where members were given loans at the agreed interest rate laid down or agreed by the members during general assemblies of the credit unions, while those at the helm were given loans at lower interest rates. This was the case of the Bayelle Cooperative Credit Union where committee and board members paid 1% interest on loans as opposed to 1.5% to non-committee members. This went against the basic tenets of the credit unions.<sup>40</sup>

In addition, it was noticed that some credit unions in Bamenda increased subscription rate for shares. This was the case with the Bamenda Police Credit Union where subscription for shares increased from 50,000FCFA to 75,000FCFA in January 2016. In the scheme of things, members had their savings slashed to upgrade their shares subscription. Against this backdrop, it became difficult for some aspiring members to join the credit union and it was thus evident that this microfinance was no longer a ‘poor’ man’s scheme.<sup>41</sup> Arguably, some members took recourse to informal sources of credit, among which were borrowing from friends, relatives and money lenders. This was one of the reasons for the continuous growth of rotating savings and credit associations, and money lenders in spite of the presence of several credit unions.<sup>42</sup>

The credit unions faced the problem of loan delinquency which was a situation where members obtained loans and failed to honour the repayment schedule. Maurice Takuli contends that loan delinquency had eaten deep into the fabric of Credit Unions so much so that it was not a germ but a canker worm.<sup>43</sup> The question of loan delinquency was a crucial impediment to the smooth functioning of credit unions as agents of economic empowerment. Given the fact that members obtained loans and failed to pay back within the agreed loan repayment period, most workers and stakeholders were quick to point out the “bad faith” of some members who refused to pay back loans.<sup>44</sup> This situation was due to poor loan analysis by loan officers in credit unions. The outcome of the growing number of delinquent loans was evident in the upsurge in legal fees incurred by the credit unions during judicial litigations. (Table 2)

**Table 2.** Legal Fees Incurred by BaPCCUL, from 2003 to 2015

Year	Legal Fees (FCFA)
2003	3,142,370
2005	2,554,500
2007	5,308,050
2009	6,927,315
2011	11,000,000

<sup>40</sup>Takor and Tifor, “The Paradigmatic Shift of Credit Union Mission in Bamenda, Cameroon, 1968-2013”, 4.

<sup>41</sup>Zerrubabel Cilicita Nabuin, 34 years, Teacher, (interview), Ntarinkon-Bamenda, 20 January 2018. This was noticed by the author during an inquiry of the cost for shares subscription in BaPCCUL January 2018. This was confirmed by Zerrubabel Cilicita who was a member of the credit union and affirmed that 25000 FCFA was deducted from her savings to update the shares to 75000FCFA. This was astounding given the fact that creating same accounts in commercial banks cost far less though the credit unions used the arguments that members were owners by virtue of subscription.

<sup>42</sup>Idem, Julius Tata. (interview).

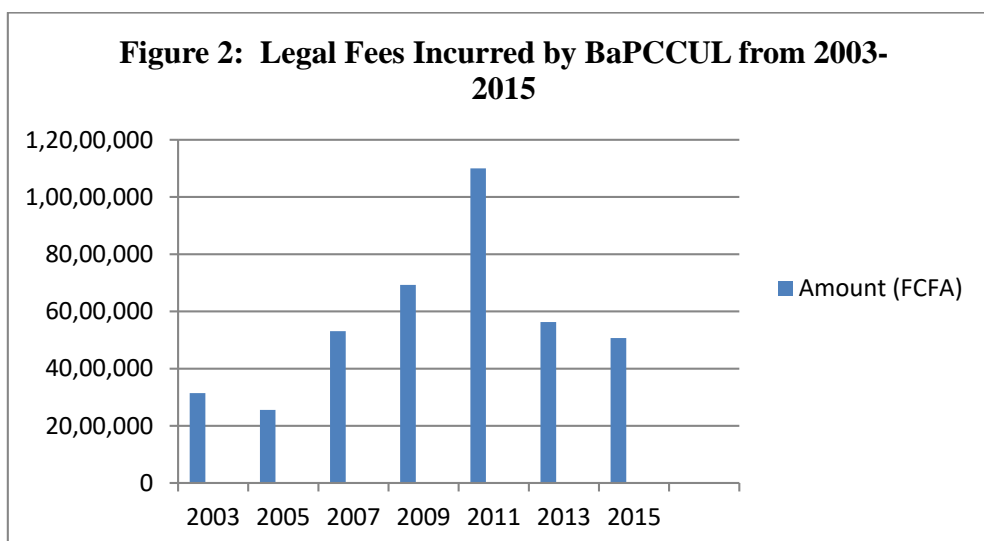
<sup>43</sup> Maurice Takuli, “The Negative Effects of Loan Delinquency”, *The Creditor*, January–June 2017, No. 10, 17

<sup>44</sup> Ayafor, Joyceline. 40 years, Agricultural Loan Officer, Bayelle Credit Union (interview), Mile 2 Nkwen. June 5, 2017



2013	5,629,500
2015	5,069,000

Source: Compiled by Donald Tifor from BaPCCUL Annual Reports, 2003-2015.



Source: Authors Representation of Table 2.

Table 2 and figure 2 paints the image of expenses engaged by BaPCCUL under judicial litigations. From the foregoing table, it can be garnered that credit unions spend significant amounts in efforts to recover delinquent loans. It is evident from the table that with the evolution of time, the amounts the credit unions spend on legal procedures increased from 2003 to 2011. This was probably due to subjective loan granting procedures marred by poor evaluation of credit worthiness of the members, though economic shocks could not be excluded as a fundamental reason for loan delinquency. Though the period between 2011 and 2016 saw a nose dive in legal fees incurred by the credit union, delinquency still remained an impeding factor in the economic empowerment drive of credit unions.

## 6. CONCLUSION

This paper sought to show that credit unions were agents of economic empowerment in Bamenda within the context of the economic crisis period from the 1990 to 2016 which ushered in a period of economic recession. The indigenous population bore the brunt of the economic crisis and in an effort to mitigate the effect of the crisis, credit unions as community based financial institutions with the objective of ensuring access to financial services ushered in a period of hope for low income earners. Consequently, members were empowered economically through loans and savings which translated into revenue generating activities in varied domains, in an effort to ameliorate their socioeconomic situation. Although constraints like loan delinquency flawed the drive towards empowerment, the growth in numbers and increase in savings and loans in credit unions in Bamenda was proved that the role played by credit unions to empower members economically cannot be over emphasized.

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