AN ASSESSMENT OF THE PERFORMANCE OF AFFILIATED CREDIT UNIONS ACROSS THE CHAPTERS OF CAMEROON COOPERATIVE CREDIT UNION LEAGUE (CAMCCUL)

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Abstract: The organisations called "Credit Unions" are a commonplace entity in most developing countries like Cameroon. This is attributed to the fact that their activities are accessable to the low income class earners who make up 37.5 per cent of the total population. This has made it a major concern to every stakeholder, aligned to the saying that "where ones money is, is where his or her heart will be". These Credit Unions are however according to COBAC regulations expected to be affiliated to Cameroon Cooperative Credit Union League (CamCCUL). The league is structured into Chapters which is based on geographical proximity. Though the Chapters are highly diverse in its activities, the policies and regulatory framework applied by CamCCUL is blanket in nature. It's on this basis that this study seek to assess the extent to which there exist a significant difference in the performance of affiliated Credit Unions across the ten Chapters of CamCCUL. The study population is 210 and the study adopted a stratified random sample with the Taro Yamane formula which gave a sample of 138. The major source of data was secondary though complemented with primary data captured by the use of structured interview. A factor analysis was done to assess the significance of each of the factors used as a measure of CamCCUL's services offered to affiliated Credit Union. The outcome eliminated one of the services - liquidity management and consultancy. A one way analysis of variance was used as the method of analysis. The results revealed that there was a significant difference in the savings per member of affiliated Credit Unions across the Chapters of CamCCUL. The researcher recommends that, the basis of Chapter division should be based on nature of activity and that the activities offered by CamCCUL be proportionate to match the size of the Credit Union.

Keywords: affiliated Credit Unions, CamCCUL Chapters and Performance

Introduction

Credit Union is a name that is quite familiar to a number of people given its prevalence in communities especially in the less developed countries like Cameroon. It is obvious to think that, by intuition, one will expect that "Credit Unions" as the name implies should be responsible only for providing loans to members. However, loans cannot be provided on a sustainable basis if savings are not made (Buwah, Akpan&Chofor, 2019). It's on this mind-set that this category of financial institution provides loans and obtains savings to its members exclusively. These entities are seen to be community based enterprises because they are mainly created for the well-being of its members rather than for profit maximisation like most other institutions in the private sector (Buwah&Chofor, 2019a). Scholars like Asante (2005) and Ayukogem (2014) have reiterated that this category of entities is very good in that they mobilize savings while making credit facilities available to its members. This is a unique and value adding feature which is usually not possible in formal institutions like banks. According to World Bank Records of 2014, about 37.5 per cent of Cameroon's population is considered to be those who fall below the poverty line, they lack collaterals and other conditions attached with obtaining loans in formal financial establishments (Gaetan, 2012).

In line with the findings of Akume&Annicet(2017),Microfinance Institutions in general and Credit Unions in particular have greatly contributed to poverty reduction within the Cameroon economy. Kristensen, Markey and Perry (2010) as complemented by Bezabih (2009) further add that, the credit unions have not only contributed to the economic welfare of the communities, but have equally developed the communities socially. Delveltere and Pollet (2007) as supported by Chuku (2010) admits that improvement in social welfare has been a major reason

for the creation of money lending associations called "njangi", which unfortunately are seen to be costly and additionally do not have a significantly huge financial base to finance heavy investments for their members (Buwah&Chofor 2019a). This scenario leaves a significant proportion of the population of Cameroon to resort to Microfinance Institutions and particularly those of Category One that is commonly called "credit union".

Credit Unions are an old initiative that dates as far back as 1844 among weavers in Rockdale, England (South Central Middles rough Credit Union Limited, 2015). This initiative has gradually grown in scope and space and Cameroon is inclusive. The credit unions in question would have been structuring its activities according to its ability and resources. Unfortunately the administrators of these credit unions cannot do as they wish, given the nature of the environment in which they operate. Within the wider view of the financial sector, we find major commercial banks, international and national banks, micro finance institutions of category one, two and three and the informal finance sector. It is obvious for us to expect the administrators of these institutions to constantly think of competitive strategies if they must strive in such a given environment. The government of Cameroon through the Ministry of Finance in collaboration with the Central African Banking Commission (COBAC), (2012) has instituted measures to regulate and govern Credit Unions. The creation of an oversight credit union board called the Cameroon Cooperative Credit Union League (CamCCUL) was a measure to ensure development and sustainability exclusively to Credit Unions. All Credit Unions are therefore expected to be affiliated to a league which will oversee its activities and ensure effectiveness and efficiency for the welfare of its members.

To enable the administration of CamCCUL carry out its functions and attain its stated objectives, there was need to stratify their sphere of operation into geographical units which are called Chapters. These Chapters are attributed to geographical scope, and not with respect to the nature of predominant economic activity, the number of members, financial base and many other alternative variables. Given that the nature of activities and services that CamCCUL provides to its affiliated Credit Unions are rarely categorised to be tailored to their peculiarity, it becomes worrisome to think of the effectiveness of blanket policies applicable to Credit Unions that are varied in nature. The performance of affiliated Credit Unions is judged in line with the statutory activities of supervision, promotion/publicity, training/education, auditing and loans, liquidity management and consultancy offered by CamCCUL to its affiliated Credit Unions. It is on this back drop that this study seeks to examine the extent to which the performances of Credit Unions vary across the different Chapters of Cameroon Cooperative Credit Union League (CamCCUL).

Methods

The population of the study is 210 which are all the Credit Unions affiliated to CamCCUL and included in the annual reports. The study employed a probabilistic sampling procedure. In particular, a stratified random sampling method has been used such that each of the Chapters of CamCCUL is represented. The sample for the study has been determined by employing the Taro Yamane formula for determining sample size (n) when the study population (N) is known.

$$\text{Required Sample size } (n) = \frac{N}{1 + Ne^2}$$

Where: n is the required sample size, N is the population size, and ***e*** is the tolerance limit. At the tolerance limit of five percent, the required sample size was:

$$\text{Therefore } n = \frac{210}{1 + (210 \times 0.05^2)}$$

$$n = 138 \text{ Credit Unions}$$

Table 1; Chapter proportions of population versus sample of Credit Unions affiliated to CamCCUL

Chapter	Population of affiliated credit unions	Sample of affiliated credit unions 138/210 = 0.657 of each chapter
Nkambe	9	6
Mamfe	11	7
Bamenda	47	31

Kumba	15	10
Fako	24	16
Bafoussam	22	14
Fundong	7	5
Douala	34	22
Maroua	26	17
Kumbo	15	10
Total number of credit unions	210	138

Source: Adapted from CamCCUL Archive, 2016

Table 1 presents the proportionate sampling which seeks to ensure that all the Chapters were represented, it required that 138/210 = 0.657 of each Chapter be represented. As such comprising of: six out of nine (9) from Nkambe Chapter, seven out of 10 from Mamfe Chapter, 31 out of 48 from Bamenda Chapter, 10 out of 15 from Kumba Chapter, 15 out of 24 from Fako Chapter, 15 out of 22 from Bafoussam Chapter, five (5) out of seven (7) from Fundong Chapter, 22 out of 34 from Douala Chapter, 17 out of 26 from Maroua Chapter and 10 out of 16 from Kumbo Chapter. The names of the Credit Unions in each Chapter were represented by numbers and selected randomly.

The data for this study was collected mostly from secondary data and complemented with some primary data. The data collected on the Credit Unions and the activities that CamCCUL has been undertaking for its affiliated Credit Unions was extracted from the annual reports of CamCCUL. These annual reports were found in the archives of CamCCUL and in the archives of branch offices in all the Chapters. The variables to which secondary data was extracted included monetary values spent on statutory activities by CamCCUL on; supervision, publicity/promotion, auditing, training and education. We equally collected annual savings which is equivalent to the shareholding of members and the number of members of Credit Unions for the past 40 years. In addition to this, information about the shares/savings and membership base for respective Chapters was equally collected. The primary data was collected through interviews conducted with the management of the sampled affiliated Credit Unions. The interview was structured and submitted to statistician to assess the validity of the instrument. Construct and content validity using factor analysis was conducted. The purpose of this analysis was to explore the various factors that made up CamCCUL's statutory activities. The key objective of this analysis was to reduce the set of variables employed into a smaller numbers that could still portray the image that could have been portrayed by the larger set of variables at the same time making analysis easy to manage.

Table 2: Descriptive statistics for variables that capture the activities that CamCCUL offers to its affiliated Credit Unions

	Mean	Std. Deviation	Analysis N
Training and education (TE)	71.86	1.09	40
Auditing services (AU)	56.32	1.02	40
Supervision and control (SU)	48.11	1.31	40
Publicity and promotion(PP)	41.90	1.67	40
Loan provision(LP)	26.17	1.94	40
Liquidity management and consultancy (LMC)	12.31	4.23	40

Source: Author's Fieldwork, 2017

Table 3: Correlation Matrix

	TE	AU	SU	PP	LP
Correlation TE	1.000	.571	.332	.251	.103
AU	.571	1.000	.401	.395	.212
SU	.332	.401	1.000	.417	.201
PP	.251	.395	.417	1.000	.397
LP	.103	.212	.201	.397	1.000

a Determinant = 1.731E-03
Extraction Method: Maximum Likelihomd
Rotation Method: Promax with Kaiser Normalization
Source: Author's Fieldwork, 2017

As presented on Table 3, the correlation figures are large enough to justify the need for further interpretations. The correlation values show a significant relationship between the factors under study given that a majority of the correlation values exceed the minimum correlation value of 0.25. As shown by the diagonal values, the correlation of factors to their value is 1.00. Given that the extreme correlation values are relatively small ranging between 0.3 and 0.2, they are said to be a good outcome.

The factor analysis proceeded to conduct a Kaiser Meyer Olkin (KMO) and Bartlett's test. These tests basically seek to examine the strength of the relation amount observed variables which must be satisfactory enough for further analysis to be made. According to Kaiser (1974) the minimum threshold KMO value for acceptance should be 0.5, but higher values prove to be better than lower values. As shown on Table 4, the KMO value is 0.702 which is highly acceptable. Additionally, the significance value (0.012) shows that the result was statistically significant at 5% level of significance since it is lower than the α-value at 5% (0.05).

The factors were extracted from the variables using the maximum likelihood estimation procedure. Eigen value actually reflects the number of extracted factors whose sum should be equal to number of items which are subjected to factor analysis. Table 5 shows all the items that have been extracted along with their Eigen values.

Table 4: KMO and Bartlett's Test

Kaiser-Meyeer-Olkin Measure of Samplying Adequacy		.602
Bartlett's Test of Sphericity	Approx. Chi-Square	67.694
	Df	15
	Sig.	.012

Source: Author's fieldwork, 2017

Table 5: Factor Extraction and Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Sum of Squared loading
TE	3.121	27.178	27.178	2.911	23.126	23.126	3.134
AU	1.891	22.990	50.168	1.980	15.677	38.803	2.247
SU	1.789	15.312	65.480	1.722	11.780	50.583	1.348
PP	1.612	10.600	76.080	.981	.876	51.459	1.122
LP	1.455	8.749	84.829	.601	.589	52.048	.971
LMC	0.456	5.171	100				

Extracted Method: Maximum Likelihood.

Source: Author's fieldwork, 2017

As presented on Table 5, five factors were extracted using the maximum likelihood method. These five factors as a whole account for 84.8 percent of all the variable variances. The last factor of liquidity management and consultancy is not significant since the Eigen value is less than 1.00. The remaining five factors extracted, were significantly responsible for the performance of affiliated Credit Unions. If the Scree plot is constructed based on the obtained values, it will reveal that at the fifth factor, the graph will become flat, implying liquidity management and consultancy does not add significantly to the performance of affiliated Credit Unions thereby justifying the need to drop liquidity management and consultancy as a factor affecting the performance of affiliated Credit Unions.

The researcher determined the extent to which there existed a significant difference in the performance of Credit Unions across the 10 Chapters of CamCCUL by using One-way Analysis of Variance (ANOVA), the data was processed and analysed. The data collected for the respective Chapters is intended to reflect performance as captured by the savings/member for respective Chapters for the past 40 years.
The model for One-way Analysis of Variance is given by:

$$\text{Model} = \mu + T_j + e_{ij}$$

$$SS_{TOT} = SS_T + SS_E$$

$$SS_{TOT} = \sum_{i=1}^{n}\sum_{j=1}^{t} Y_{ij}^2 - \frac{Y^2}{N}$$

$$SS_T = \sum_{j=1}^{t} \frac{Y_{ij}^2}{n} - \frac{Y_{00}^2}{N}$$

where:

Y_{ij}= observations with respect to the j treatment of the factor
T_j = the effect of the j treatment of the factor
μ = the overall mean
e_{ij} = the random error associated with the i^{th} block and the j^{th} treatment of the factor
N = number of observation in total
n= number of replications
Y_{ij} = sum of Y_{ij}, overall values of i for a given j
$Y_{00}^2 = (\Sigma Y_{ij})^2$

Table 6: The general format for One –Way ANOVA

Source of variance	Degree of freedom	Sum of square	Mean sum of square	F-ratio
Between treatment	t – 1	SS_T	$\frac{SS_T}{t-1} = MSS_T$	$\frac{MSS_T}{MSS_E}$
Within treatment (error)	t(n-1)	SS_E	$\frac{SS_E}{t(n-1)} = MSS_E$	
Total	N-1	SS_{TOT}		

Results

CamCCUL though a single corporate body that functions within the Cameroon territory, has administrative units dotted in the different regions of the country known as Chapters. Examining CamCCUL and its affiliated Credit Unions in Cameroon, it was necessary that the study investigate if the performance of the affiliated Credit Unions varies across the 10 different Chapters of CamCCUL. Analysing the stated hypothesis, the following decision rule served as a guide.

Decision rule

Accept H_0, if there is no significant difference of savings per member of affiliated Credit Unions in Cameroon across the 10 Chapters of CamCCUL.

Where F-calculated <F-critical

Reject H_0, if there is a significant difference of savings per member of affiliated Credit Unions inP Cameroon across the 10 Chapters of CamCCUL.

Where F-calculated > F-critical

The data collected with respect to total membership and total savings was converted to savings per member in the 10 Chapters of CamCCUL. The data was statistically analysed with the use of a statistical package, specifically STATA 14 with the summary presented in Table 7

Table7: Empirical results of the significant different in the savings per member of affiliated Credit Unions across the 10 Chapters of CamCCUL.

Variation	Degrees of freedom	Sum of square	Mean square	F	Prob> F
Between treatment	K -1 10 -1 = 9	3.3794e+12	3.7549e+11	39.38	0.0000
Within treatment	K(N-1) 10(40-1) = 390	3.7188e+12	9.5354e+09		
Total	KN-1 10(40)-1 = 399	7.0982e+12	1.7790e+10		

Source: Computed by Author, 2017

The F-statistics is used to analyse and interpret the result which served as the basis for accepting or rejecting the stated hypothesis. As presented in Table 7, K represents the number of independent groups (number of treatments) under observation which is 10 Chapters of CamCCUL whereas N was the number of observations (number of replications) which was 40. Given that the various Chapters have an equal number of observations, the degree of freedom for F-statistics is given by v_1 and v_2 which is determined by K-1 and K (N-1) respectively. Implying v_1= 10-1 which was nine (9) and v_2 = 10 (40-1) which was 390.

The critical values at one tailed-test with nine and 390 degrees of freedom give an F-critical value of 2.41. This value is less than the calculated value of 39.38 (F-calculated (39.38) > F-critical (2.41). With reference to the decision rule and based on the findings of the F-statistics, we therefore reject the null hypothesis (H_0) which stated that there is no significant difference in savings per member in affiliated Credit Unions across the 10 Chapters of CamCCUL. Thus, concluding that there is a significant difference in savings per member in affiliated Credit Unions in Cameroon across the 10 Chapters of CamCCUL.

The variation in the performance of the Credit Unions across the 10 Chapters as captured by the savings per member and complemented by the responses of respondents could be attributed to a number of factors, some of which are beyond the control of the management of CamCCUL while other factors were within the control of the management of CamCCUL.

One of the factors that account for the variation in performance in Credit Unions in different Chapters is the varied economic, social, political and demographic nature of the Chapters. The Chapters, even though they are administrative units are geographically demarcated with some areas like the Douala Chapter being the economic capital of Cameroon, while other Chapters are merely divisions of a rural nature whose members mainly engaged in subsistence farming. Additionally, the nature of activities predominantly undertaken in the different geographical areas was likely to affect the income levels of the members of the respective Credit Unions located in these regions. Some geographical regions like the Mamfe, Kumbo and Nkambe Chapters have Credit Unions whose members are expected to be predominantly farmers given that the major occupation there is farming, and as such their incomes are bound to be seasonal, that is high during the harvest season and low during the off-peak season. This pattern is definitely different in economic cities like the Douala and Bafoussam Chapters which have major industrial zones and generate income all year round.

Another major justification for the variation in performance of Credit Unions is the diverse cultures of Credit Union members across the geographical regions of Cameroon. People from the grass fields of the North-west region are more inclined to the saving culture whereby they are more likely to entrust their finances in the hands of financial institutions including Credit Unions. On the contrary, those from the West region hardly trust financial institutions as a safer option to keep their finances and as a result, they usually save their finances in informal financial forums commonly called "njangi" houses.

Despite the numerous factors that account for the variation in the performance of Credit Unions across the Chapters of CamCCUL as seen above, which could be said to be beyond the control of CamCCUL's management, there are equally some factors within the control of the management of CamCCUL. The Credit Unions affiliated to CamCCUL are not proportionately divided across the 10 Chapters as presented in Table 1 whereby some Chapters like the Bamenda and Douala Chapters have as many as 47 and 34 Credit Unions respectively while other Chapters like the Nkambe and Fundong Chapters had as few as nine (9) and seven (7) affiliated Credit Unions respectively.

This unequal distribution of Credit Unions is likely to subject the management of some Chapters to a higher managerial workload than other Chapters, consequently reducing the efficiency and effectiveness of CamCCUL in the Chapters with many Credit Unions. Another contributing factor is the lack of uniformity in policies across the 10 different Chapters of CamCCUL. Some activities are largely structured by management of the respective Chapters, for example the number of supervisors assigned to each affiliated Credit Union is decided by the management of the Chapter and not CamCCUL as a whole and this results in differences in performance in such activities.

Additionally, some of the activities like publicity/promotion which CamCCUL undertook did not take into consideration the differences in economic environments of the different Chapters thereby producing better results in some Chapters than others. More so, some Chapters had an inherent competitive financial sector as is the case with the Douala and Bafoussam Chapters where there are various competing financial institutions including banks and other micro-finance institutions, requiring that CamCCUL's management technique be turned towards overcoming competitive pressures.

Recommendations

- The management should structure the activities/services offered to its affiliated Credit Unions to be proportionate to their scale of operations of the Credit Unions, so that the smaller Credit Unions will not feel the heavy expenses levied on them.
- The basis of created Chapters in CamCCUL should not be based on geographical proximity alone but on the span of control of middle level management. In so doing, their ability will match the proportionate taskswithin their authority.
- Chapter composition should equally be based on the similarity of the activities that the Credit Unions carry out, such that agro-based, mineral extraction, workers cooperative and many other bases will have their activities tailored to the predominant activity of each affiliated Credit Union.

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