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An appraisal of factors affecting sustainability of Microfinance Institutions in Cameroon

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Abstract

Microfinance was born with the aim of satisfying people excluded from traditional financial services. However, MFIs face a dual objective of serving the poor while remaining sustainable. Highlighting the determinants of the sustainability of MFIs in Cameroon through financial objectives is the subject of this article. Our study aims to answer the question of what are the criteria that allow a Cameroonian EMF to ensure its sustainability. The objective of this work is to understand the factors that are at the base of the lifespan of MFIs in Cameroon. Specifically, it is a question of making a connection between the lifespan of MFIs and their financial objectives. To answer the research question, we hypothesized that the financial goals of MFIs have an impact on their lifespan. Our study required the use of primary data. These data were collected in the field using a questionnaire. Our target population was made up of independent microfinance institutions. A sample of 35 MFIs was selected using the quota method, which consists of setting the desired proportions of companies based on available statistics on the population studied and questioning any company provided that the fixed proportions are respected. Given the small size of our sample and the qualitative nature of our variables, we deemed it necessary to use the chi-square test. This allowed us to arrive at the results according to which for Cameroonian MFIs to be sustainable, it is necessary to take into account financial objectives such as the turnover business, profits, dividends paid and shareholder satisfaction.

Keywords: Microfinance, Financial objectives, Chi-square, Sustainability.
Classification JEL: G21, Q56
Paper Type: Empirical Research

Résumé

La microfinance est née dans le but de satisfaire les personnes exclues des services financiers traditionnels. Cependant, les EMF sont confrontés à un double objectif de servir les pauvres tout en restant durables. La mise en lumière des déterminants de la pérennité des EMF au Cameroun à travers les objectifs financiers fait l'objet de cet article. Notre étude vise à répondre à la question de savoir quels sont les critères qui permettent à une EMF camerounais d'assurer sa pérennité. L'objectif de ce travail est de comprendre les facteurs qui sont à la base de la durée de vie des EMF au Cameroun. Concrètement, il s'agit de faire le lien entre la durée de vie des EMF et leurs objectifs financiers. Pour répondre à la question de recherche, nous avons émis l'hypothèse que les objectifs financiers des EMF ont un impact sur leur durée de vie. Notre étude a nécessité l'utilisation de données primaires. Ces données ont été recueillies sur le terrain à l'aide d'un questionnaire. Notre population cible était constituée d'institutions de microfinance indépendantes. Un échantillon de 35 EMF a été sélectionné selon la méthode des quotas qui consiste à fixer les proportions d'entreprises souhaitées en fonction des statistiques disponibles sur la population étudiée et à interroger toute entreprise à condition de respecter les proportions fixées. Compte tenu de la petite taille de notre échantillon et du caractère qualitatif de nos variables, nous avons jugé nécessaire d'utiliser le test du chi carré. Ceci nous a permis d'arriver aux résultats selon lesquels pour que les EMF camerounais soient pérennes, il faut tenir compte d'objectifs financiers tels que le chiffre d'affaires, les bénéfices, les dividendes versés et la satisfaction des actionnaires.

Mots clés : Microfinance, Objectifs financiers, chi-deux, pérennité.
Classification JEL : G21, Q56
Type de papier : Recherche empirique

Introduction

The profitability of MFIs, like that of other companies, arouses the curiosity of several researchers. INSEE statistics show that among companies created in 1998, almost half were still active in 2003 (Fabre and Kerjosse, 2006). Referring to his figures, we find one out of two businesses disappearing in five years. According to Namatovu, Balunywa, Kyejju and Dawa (2011), many established companies do not sustainably achieve their performance indicators, so much so that they often close the doors before they have even celebrated their first birthday. This scenario is very recurrent in the microfinance sector. Is it necessary then believe in the words put forward by Morduch (2000) when he asserts in his study of MFIs that only 1% would last and no more than 5% never will? For Rosenberg and al., (2009), more than two thirds of sustainable MFIs are made up of NGOs, cooperatives, banks, public, or other types of NGOs. Nyamsogoro, (2010) finds that out of 424 observations, 80.2% of Tanzanian MFIs in rural areas are financially sustainable. The study of Mori and Olomi (2012) come to the conclusion that on average 98% of MFIs provide efforts to achieve sustainability. For example, it took Grameen Bank's agency five years to achieve operational sustainability (Ledgerwood, 2013); while it took on average eight months at the ASA network agency to achieve its sustainability (Kotir and Obeng-Odoom, 2009; Armendáriz and Morduch, 2010). On the other hand, authors such as Johnson and Rogaly (1997) suggest that most of the time, it takes 7 to 10 years for MFI to reach its sustainability. Von Pischke (2007), suggests that the start-up phase can take 3 years or more. In Furthermore, according to CGAP (2005), MFIs can take 5 to 10 years to achieve operational sustainability in microfinance (Barr, 2005; Lafourcade, and al.; 2005; Von Pischke, 2007; Nyamsogoro, 2010;). These differences in the level of sustainability are probably caused by factors such as the strategies put in place and the operational techniques employed by each microfinance. Significant work has been carried out in the context of empirical studies to attempt to highlight the factors that influence the sustainability of Microfinance institutions in South America, South, Asia and Africa Conning (1999); Adongo and Stork (2005); Bloch and Nabat (2009); Ben Mahmoud-Jouni and al., (2010); Sekabira, (2013); Kipesha and Zhang (2013) and Sandhya, (2016). Peacock (2000) and Teurlai (2004), reveal the main role played by the manager in the success or failure of a business during the first years of creation. Indeed, his experience, training and age will also define his managerial qualities and his ability to grow the business (Mignon, 2001). Some authors like Bloch and Nabat, (2009); Well Mahmoud-Jouni et al., (2010), highlight the importance of the role of innovation (transformation) and strategy within the company. Dupuy (2009), for his part, highlights the role of management control while Lebraty, (2009) examines the outsourcing of tasks. The characteristics of the company, such as age, size in terms of workforce or area of activity have also been extensively researched. The sustainability of businesses would be subject to factors related to financial and commercial performance over a long period, but also organizational and strategic choices, governance and options in terms of learning and investments (Mignon, 2009). Sekabira, (2013), shows the role of capital structure on the performance of microfinance in Uganda, and recommends increased use of funds own resources, while discouraging reliance on donations and grants. Moreover, the study of Sandhya, (2016) shows that financial structure positively influences financial sustainability of MFIs (Kemdong Tenekeu and Nzongang (2020).

The need to take an interest in the subject of sustainability in Cameroon arises from difficulties and bankruptcies generated in recent years, because despite the constant expansion of the sector of microfinance in Cameroon (about 500 MFIs authorized by the public authorities), this one is still far from meeting demand, in a country where more than 80% of the population remains excluded of the traditional banking system (Essama, 2013). In view of the controversies observed in the literature, it is clear that many empirical studies need to be

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carried out in in order to assess the factors likely to have an influence on the sustainability of Cameroonian MFIs.
The objective of our study is to assess the factors that influence the sustainability of MFIs Cameroonians. In other words, identify the variables on which managers will have to support in order to sustain their microfinance activities. This research concern is part of the issue raised by Kemdong Tenekeu and Nzongang (2020). The article will be organized in three parts. The first part describes the conceptual framework of the research, the second presents the methodology, and the third discuss the results obtained.

1- A theoretical perspective

A distinction is made between profit-making companies, governmental organizations and non-profit organizations (De Briey, 2003). Most theories justify the existence of nonprofit organizations by asserting that they arise to meet needs that neither the market nor the state is willing or able to fully satisfy. The authors, supporters of this view, often emphasize the constraint of non-distribution which characterizes these organizations and which makes it possible to solve the problems of asymmetry of information between the different stakeholders. The following theories allow us to better understand these different points of view.

1.1 – The theory of contractual failure

The main authors of this theory are Nelson & Krashinsky, 1973; Hansmann, 1980 and 1987; Fama and Jensen, 1983a & 1983b. The theory of contractual failure places at the heart of its developments, the greater confidence that the status of non-profit organizations induces in organizations characterized by asymmetries of information between the funders or consumers, on the one hand, and the leaders of the organizations. 'Somewhere else. This is particularly the case when there is a separation between the purchasers of services and the beneficiaries (e.g. in financial organizations through donations) as well as in the case of the production of public goods (e.g. radio). Following the writings of Nelson & Krashinsky (1973) on the quality of the services offered in crèches, Hansmann (1980) pointed out that in such a context, the leaders of a for-profit organization tend to provide a good of lesser quality or quantity than promised or paid for. On the contrary, in a non-profit organization, given the constraint of non-distribution, the leaders do not tend to exploit their informational advantage insofar as they will not be able to benefit from the surplus thus realized. Indeed, the elimination of the pursuit of profit goal induces perverse effects such as a slower reaction in the event of an increase in demand, a lesser optimization of resources than in for-profit organizations.
The problem of information asymmetries in organizations financed by donations has also been expressed by Fama & Jensen (1983b), in terms of agency relations. The arguments raised are similar to those expressed by Hansmann (1980). In the same article, these authors also explain the advantage provided by the residual claims of financial mutuals. In this type of organization, only the customers have the right to hold the residual receivables and these are reimbursable on simple demand so that the members can sanction the conduct of the managers in the event of dissatisfaction, since this results in a decrease in the capital made available to the members of the cooperative. Fama & Jensen (1983b), however, recognize the limited nature of the role played by cooperators via the board of directors, as this mechanism does not provide a real function of control over managerial practices.
The conception of performance underlying the theory of contractual failure is again that of efficiency since this theory is concerned with the minimization of contract costs.

1.2- Transaction cost theory: the need to minimize operating costs

Authors such as Williamson (1985); Krashinsky (1986); rely on the analytical framework offered by transaction cost theory (Coase, 1937; Williamson, 1990) to justify the different institutional modes. The arguments put forward by these authors show great similarities with the development of agency theory. They are also based on the recognition of the existence of information asymmetries. Like the positive agency theory, the transaction cost theory poses the hypothesis of limited rationality of agencies and therefore the incompleteness of contracts. The costs to be minimized are those relating to the establishment and the proper performance of these contracts. For Williamson (1990), the mode of coordination that will be preferred will depend on the characteristics of the transaction (frequency of the transaction, specificity of the assets and degree of uncertainty).

Krashinsky argues that nonprofit status tends to prevail when there is a separation between purchasers and direct beneficiaries, especially if the purchaser cannot ultimately reverse its original decision, given the cost of investigation and change of producer. In this case, consumers are tied to a particular product. Unlike Hansmann, Fama & Jensen who take as support for their theory the problems of optimization of the resources provided by the donors, Krashinsky places more emphasis on the problems of control of the leaders by the consumers. The difficulty does not come from the non-observability of the quality produced since, as consumers, they are directly able to observe it, but from the fact that the exercise of this control is a public good in such a way that each consumer has an interest in having this control carried out by another.

As with the theory of contractual failure, the conception of performance underlying the theory of transaction costs is that of efficiency.

2 – The concept of sustainability of MFIs

The existing literature on the sustainability of MFIs leads to mixed results. In the works of Kemdong Tenekeu and Nzongang (2020), two main indicators have been selected to measure sustainability. First of all financial self-sufficiency to measure financial sustainability. Then they did use of operational self-sufficiency to measure operational sustainability. Operational self-sufficiency is a very important concept for an MFI that wants to sustainably reach its target and ensure its growth. They are therefore for these authors guarantees of the sustainability of an MFI because it reflects its ability to cover all its operating expenses and subsidies. Moreover according to MIX Market definition of sustainability, Bogan and al., (2007) describe that an MFI is said to be operationally sustainable, when operational self-sufficiency reaches 100% and financially sustainable when it is reaches 110%.

2.1- performance indicators of microfinance institutions

Four main indicators are used to measure the performance of MFIs: portfolio quality, efficiency and productivity, financial management and profitability (Von Stauffenberg, 2003). As part of this article, we will present two indicators, namely financial management and profitability.

2.1.1- Financial management of MFIs as a performance indicator

Financial management strives to guarantee a sufficient level of liquidity to cover the obligations of MFI in terms of disbursing loans to its borrowers and reimbursing loans to its creditors. In addition, it can also have a significant impact on the profitability of the institution depending on the skill with which liquidity is managed. Three indicators will be presented to assess financial management: finance expense ratio, resource cost ratio, and debt-to-equity ratio.

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2.1.1.1- The financing expense ratio

It is calculated by dividing the interest and commissions paid on borrowed funds by the average outstanding amount of gross loan portfolio. The financing expense ratio measures the total interest paid by the MFI to finance its loan portfolio. The difference between the return of the portfolio (income generated by the portfolio) and the financing cost ratio (financial costs incurred by the institution to finance itself) constitutes the net interest margin.
The finance cost ratio is primarily determined by how the MFI finances itself: either through debt or capital. On the other hand, it gives little indication of the financial health of the EMF.
EMF with a financing cost ratio can be very profitable if the leverage effect is high (ratio of borrowed funds to equity).

2.1.1.2- The cost of financial resources ratio

The cost of financial resources ratio is obtained by dividing the interest and commissions paid on financial resources by the average value of financial resources. The denominator includes all financial resources of the MFI including savings deposits, contracted commercial debts, subsidized funds as well as quasi-equity. Other forms of debt such as accounts and notes payable and mortgage loans that the EMF would have obtained to finance the acquisition of its offices, for example, are excluded.
As the name suggests, this ratio measures the average cost of funds borrowed by the MFI and shows whether the institution has been able to access cheap funds such as savings deposits when comparing MFIs. Those who manage to collect savings generally have lower fundraising costs. But the collection of savings requires in return a higher administrative cost. In several cases, the funds mobilized by the MFIs include a large proportion of subsidized funds. These subsidies reduce financing costs since the real costs of borrowing on commercial terms are much higher. But, when a subsidized MFI grows and it becomes necessary for it to borrow more and more on the market to support its growth, the high costs of commercial resources are then passed on to the interest margin. The MFI will then have to reduce or increase the interest rates on the loans.

2.1.1.3- The debt-to-equity ratio

The debt-to-equity ratio is obtained by dividing the MFI's total debt by its total equity. Total debt includes everything the MFI owes: deposits made with it, loans taken out, accounts payable, and any other commitment accounts. Total equity is total assets minus total liabilities. This ratio is the simplest and best-known measure of MFI's capital adequacy as it measures its total leverage. Traditionally, MFIs have always had low debt-to-equity ratios, especially since NGOs could only borrow to a very limited extent. Now that MFIs are increasingly moving towards regulated institutions, they can borrow more, thereby increasing their debt-to-equity ratio. The amount of debt that can be contracted for a given amount of capital is mainly determined by the risk and volatility of the MFI. Even the most leveraged MFIs are less leveraged than conventional banks as they are less backed by collateral and their risk profile is not as well understood as those of conventional banks.
Changes in debt-to-equity ratios are often more important to consider than the absolute value of the ratio itself. Indeed, if the ratio increases rapidly, the MFI will thus approach its debt ratio and will then be forced to limit its growth. Similarly, a rapid increase in debt directly influences the profit margin of the MFI. Indeed, the conditions for obtaining loans by an MFI also determine the level of debt that it can safely assume. If much of its debt consists of long-term donor funding, a high ratio obviously presents less risk than if the MFI were using short-term lines of credit.

2.1.2- Profitability as a performance indicator for MFIs

Indicators such as return on equity and return on assets reflect the performance of all areas of the institution. Three indicators will allow us to assess the profitability of MFI: return on equity, return on assets and return on the portfolio.

2.1.2.1- Return on equity

The return on equity is calculated by dividing the net profit (after tax and excluding any donation) by the average equity for the period. Rated ROE, it indicates the profitability of the institution. This ratio is particularly important for private entities with profit-seeking shareholders. For these investors, this ratio is of paramount importance since it measures the return on their investment in the MFI. However, since most MFIs are not-for-profit, this ratio is rather used as an alternative indicator to measure commercial viability.
Taking into account this ratio calculated over a single year is clearly insufficient to have an idea of the true profitability of the MFI. Extraordinary losses or profits, based for example on the sale of an asset, can have a considerable impact on the bottom line. In other cases, for example, the institution may under-provision and therefore temporarily show higher results. Taxes are also another factor to consider. Regulated MFIs are subject to taxes while NGOs do not. Similarly, the constraints which regulated MFIs are subject to increase their administrative costs.

2.1.2.2- Asset profitability

It is calculated by dividing the net income after tax by the average assets of the period. Return on assets rated ROA is a general measure of profitability that reflects both the profit margin and the efficiency of the MFI. More simply, it measures how the institution uses its assets. It is a simple and fair measure. However, as is the case with equity profitability, an assessment will depend heavily on analysis of the components that make up operating profit, and particularly portfolio return, cost of resources and operational efficiency. Paradoxically,
NGOs have a higher return on assets than regulated and supervised MFIs. This is explained by the fact that microfinance NGOs, which have limited financing possibilities on the financial markets and therefore lower debt-to-equity ratios, are forced to generate a surplus to finance their growth. On the other hand, regulated MFIs, having easier access to sources of financing, have greater leverage effects and are therefore managed to achieve a good return on equity despite a rather low return on assets.

2.1.2.3- The return of the portfolio

The return of the portfolio of an asset is obtained by dividing the total income of interest and commissions received (all income generated by the loan portfolio except interest receivable) by the gross average outstanding amount of the portfolio. It measures the amount of income (interest and commissions) actually received during the period. The comparison between the return of the portfolio and the institution's average real interest rate gives an indication of its ability to collect payments from its customers. It also provides an indication of the quality of its portfolio given that for most MFIs, the performance measure does not include pro rata interest due to unpaid loans.
In order for the portfolio returns to be meaningful, it must be interpreted in the context of the interest rate prevailing in the environment in which the MFI operates. More generally, portfolio yield is the primary indicator of MFI's ability to generate revenue that can cover its operating expenses. MFIs generally tend to disguise the interest rate being charged and the return of the portfolio will give more transparency. Why do MFIs generally tend to mask the true interest rate being charged? The main reason is not to discourage customers from borrowing and/or staying within the regulatory standards which sometimes set a ceiling for

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the rates charged. The return of the portfolio therefore ensures the transparency necessary to see clearly through the multiple artifices used by MFIs to hide their true rate, such as fixed rates, formation commissions, prior commissions, discount in the event of a loan disbursement, etc. In fact, the settlement clearly shows how much, on average, an MFI actually receives in loan interest payments.

2.2- The main results of previous studies

It appears from the work of Kemdong Tenekeu and Nzongang (2020) that by using the GCM technique on a sample of 62 MFIs whose age varies between 9 years over the period 2009-2015, the results show firstly that, among the variables used to measure the financial structure of MFIs, equity (subsidies and deposits) are the main variables that explain the sustainability of the MFIs in their sample. Second, the study finds that efficiency measured by portfolio at risk 30, staff productivity, and cost per borrower; as well as the scope measured by the number of active borrowers, the percentage of female borrowers, the size and finally the legal status of the MFI, significantly affect the sustainability of MFIs in Cameroon.

In the same vein, Djontu and Nzongang (2019) applied the censored Tobit model to a sample of 47 EMFs belonging to the Mutuelles Communautaires de Croissance (MC^2) network to identify the factors that influence the efficiency of the EMFs considered. . Their results show that the microfinance establishments of the MC^2 network are technically efficient. However, the location of the establishment and the number of customers served exert a positive influence on efficiency, while the size of the establishment and the provisions made exert a negative but significant influence on it. This study highlights a set of factors that explain the performance of microfinance institutions.

Ndione (2019) on the other hand, conducted research on WAEMU and BRICS (excluding Russia), over a period of 16 years. Its data was processed by Stata 11 software using Panel's data econometrics. Its results show that there is a positive relationship between social performance and debt variables as well as equity and a negative relationship between social performance and portfolio quality as well as economic performance. Financial performance is positively correlated with active client base, volume of savings, and grants, and negatively correlated with the portfolio at risk and volume of debt. Economic performance is correlated positively with the active clientele, the volume of subsidies and negatively with the portfolio at risk.

For the UNDP (1999), to be sustainable, MFIs must reach a large clientele and become financially independent. Outreach is the primary goal of microfinance, namely to give the greatest number of very poor people access to quality financial services. It is imperative to be concerned with the outreach of the establishment because there are millions of households and businesses that do not have access to its services. To be able to reach this population, MFIs must have the means to significantly expand their operations. The best outreach results have been achieved through financially specialized institutions. Financial self-sufficiency refers to when an organization can cover all of its operating costs as well as the cost of its funds (including the cost of borrowing from banks as well as the cost of inflation) through of his interest and commissions. Once the organization has achieved this financial autonomy, it can finance its growth with capital from commercial banks and no longer needs subsidies from donors or the government. UNDP concludes that being financially self-sufficient is the only way for a financial institution to grow.

Similarly, it emerges from the work of De Briey (2005) that institutions such as the World Bank or the United Nations advocate for the construction of "integrating financial markets" in order to set up sustainable microfinance systems that affect large numbers of poor people. They therefore recommend the institutionalization of microfinance programs, in other words,

the establishment of profitable MFIs, responding to the laws of competitive financial markets and using an effective mode of governance.

Moreover, CGAP (2002) studies show that sustainability is the essential condition for the success of microfinance. Sustainability refers to the ability to cover all of its costs through interest and other fees paid by its customers. Financially sustainable MFIs can become a permanent part of the financial system: able to continue operations even after subsidies and subsidized loans have disappeared. Donors are far from having sufficient funding to meet the demand of the microfinance sector, but when an MFI achieves sustainability, it escapes the limits of subsidized funding. It can call on commercial capital to finance a vast expansion of its outreach to poor clients. These studies conclude that experience has shown that microfinance can work in a sustainable way, even when it concerns very poor categories of clientele.

The analyzes of Djeudja and Heidhues (2005) go in the same direction as those of CGAP (2002) insofar as they say that the essential condition for the sustainability of any company and more particularly of MFIs is growth. Growth for an EMF is about ensuring its survival, and in order to survive, it is imperative to be efficient.

Perrin (2003) thinks that MFIs focus on their institutional strengthening and their sustainability. Microfinance is gradually formalizing itself by developing globally recognized standards. Donor subsidies are being reduced in order to limit biased competition between operators and allow the development of a more transparent and balanced market with the emergence of large operators who can currently self-finance and become economically viable in the long term. .

CGAP (2003) embraces Perrin's idea in that it states that microfinance can only work on a large scale and in a sustainable way if financial services offered to the poor are integrated into the whole financial systems of developing countries. Such integration allows better access to capital, more effective protection of the savings of the poor and an improvement in the legitimacy and professionalization of the sector.

It emerges from the analysis of Bomba (2006) that particular emphasis should be placed on his own capital and the mobilization of local savings. The latter makes it possible to limit dependence on the outside, constitutes a source of resources at a good price and therefore has a positive effect on the profitability of establishments. It also facilitates compliance with prudential standards.

The main results that we have just presented shows that there is a relationship between the objectives pursued by MFIs and their lifespan. But these studies are carried out in other countries with different contexts or in other sectors of activity.

This section allowed us to present the different theoretical foundations on the link between the financial objectives pursued by MFIs and their sustainability. From the above, we can hypothesize that the more an MFI pursues financial objectives, the more it is sustainable.

3- Research methodology

Research methodology is defined as the set of means used by the researcher to provide the information necessary to solve a given problem. The methodology generally follows a classic approach which includes two approaches: the hypothetico-deductive approach which consists of undertaking a test procedure on one or more hypotheses and the empirical-deductive approach which consists of the construction of the theory from the observed facts. In the context of our study, the approach adopted is hypothetico-deductive.

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3.1- Sampling

The target population selected for our study is made up of MFIs established in the city of Yaoundé insofar as these establishments have a profit motive and therefore financial objectives is their priority. The quota method was used in our study. It consists of setting the desired proportions of companies based on available statistics on the population studied and questioning any company provided that the fixed proportions are respected. The size of our sample is 35 MFIs from the city of Yaoundé to whom we administered questionnaires which constitute the set of questions constructed with the aim of generating the information necessary to achieve the objectives of a study (Mc Daniel and Gates, 1991).

3.2- Study variables

The previous results allowed us to hypothesize that the more an MFI pursues financial objectives, the more it is sustainable. This hypothesis is the common thread of the research because it contributes to a better understanding of the observable phenomena. Sustainability is the dependent variable while financial goals are the independent variable. To carry out our research, we have chosen as indicators of financial objectives the turnover, the profit, the dividends distributed, the quality of the products offered compared to the competition, the satisfaction of the shareholders and the stakeholders. Sustainability is captured by the financial self-sufficiency and operational self-sufficiency.

Talking about the turnover; is the sum of sales of goods (commercial activity) and production sold (production of goods and services). It is the main activity indicator of the company and determines the overall performance. The profit is considered as a component of profitability and covers distinct elements according to the accounting, economic and financial perspective. In the context of our study, it is the financial aspect that is targeted. The dividend is the sum received by each shareholder after sharing the profit according to the number of shares held in the company. It's sort of return on investment. However, the fact that a company does not distribute dividends does not mean that it does not make a profit; shareholders can decide to reinvest the profit made or allocate it to reserves. The quality of the product is a fundamental element in the life of the company. The latter must produce what it must sell and not sell what it can produce. Faced with competition, the company must offer good quality products on the market. The satisfaction of shareholders is an essential element of the survival of companies because if they are not satisfied, they will withdraw their shares from the company and offer them to the highest bidders. It is also true that all the stakeholders in the life of the company in the life of the company must be satisfied otherwise, given the increased competition, they will move into the company where they are better treated.

Our objective in this study is o determine among these variables, those which are discriminating and which can lead to the durability of the MFI.

3.3- Statistical methods

In data processing, we used descriptive (chi-square) and explanatory (chi-square) methods. Flat sorting, also called simple tabulation, consists of reorganizing the values taken by a variable (Gianneloni and Vernette, 2001). It consists of gathering values taken by a variable so as to be able to build frequency tables from the percentages achieved by variable during the analysis itself.

The chi-square makes it possible to see whether or not there is a connection between the variables in a contingency table. It is the discriminant analysis that is used for our study. We should have used the principal component analysis, but since our variables are not so many, we used the chi-square distribution test. This test consists of weighing the relative weights in relation to each modality of a variable.

4- Analysis and interpretation of the results of the study

This section presents the EMFs of our sample, the analysis of the financial objectives pursued by the MFIs with regard to their lifespan (descriptive analysis) and the search for the discriminating factors of the survival of the MFIs through the financial objectives (analysis explanatory). The use of the Statistical Package for the Social Sciences (SPSS) software allows us to analyze the behavior of the independent variables drawn from our sample. The results are presented in the form of a distribution table with the chi-square value, the probability of significance and the degree of freedom.

4.1- Presentation of the IMFs of the sample

The MFIs in our sample are characterized by their date of creation, their activities and their categories. These are the criteria for identifying them.

Table 1: Date of the establishment of IMFs

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	From 1996 to 1998	8	22,9	22,9	22,9
	From 1998 to 2000	7	20,0	20,0	42,9
	From 2000 to 2002	7	20,0	20,0	62,9
	From 2002 to 2004	7	20,0	20,0	82,9
	From 2004 to 2007	6	17,1	17,1	100,0
	TOTAL	35	100,0	100,0	

Source : our survey

Among the 35 MFIs in our sample, 8 were created between 1996 and 1998 i.e. 22.9%, 7 were created between 1998 and 2000 i.e. 20.0%, 7 between 2000 and 2002 i.e. 20.0%, 7 between 2002 and 2004 or 20.0% also and 6 between 2004 and 2006 or 17.1%.
We can explain this lifespan by the fact that it is the league of popular funds (CAMCCUL) which existed in Cameroon since 1963. Finances creating decentralized financial systems to fight against poverty.

Table 2: MFI activities in addition to savings and credit

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
Valid	Money transfer	24	68,6	88,9	88,9
	Insurance	3	8,6	11,1	100,0
	Total	27	77,1	100,0	
Missing	System	8	22,9		
Total		**35**	**100,0**		

Source : our survey

It appears from the table above that among the 27 MFIs that answered this question, 24 are involved in money transfer, i.e. 68.6%, and 3 are in insurance, i.e. 8.6%. It should be noted that insurance is not yet developed in the microfinance sector, such as savings, credit and money transfer. In addition, in our context and given the prevailing poverty, few people can take out insurance when they do not even already find enough to lead a peaceful life.

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Table 3: categories of MFIs in the sample

		Frequency	Percent	Valid percent	Cumulative percent
Valid	First	18	51,4	51,4	51,4
	Second	17	48,6	48,6	100,0
	Total	**35**	**100,0**	**100,0**	

Source : our survey

On reading this table, 18 MFIs belong to the first category, i.e. 51.6%, and 17 belong to the second category, i.e. 48.6%. The high presence of these two categories is explained by the proliferation of branches by the Savings and Business Credit Cooperatives.

4.2- contribution of the financial objectives of MFIs over their lifetime

As we announced in the methodological approach, the financial objectives that we retained within the framework of our study are the turnover, the profit, the dividends distributed, the quality of the products offered, the satisfaction of the shareholders and stakeholders in the life of the MFI.

Table 4: assessment of the evolution of turnover over the last three years

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Raised	32	91,4	91,4	91,4
	Higher	3	8,6	8,6	100,0
	Total	**35**	**100,0**	**100,0**	

Source : our survey

The table above shows us that 32 MFIs have a high change in turnover over the last three years, i.e. 91.4% and 3 have a higher change, i.e. 8.6%. This is explained by the fact that the proliferation of MFIs is growing in our cities. Due to competition, revenues are shared between them. For this determinant to be significant, the change in turnover must be high.

Table 5: Assessment of the evolution of profits over the last three years

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Falling	8	22,9	24,2	24,2
	Raised	23	65,7	69,7	93,9
	Higher	2	5,7	6,1	100,0
	Total	33	94,4	100,0	
Missing	System	2	5,7		
Total		**35**	**100,0**		

Source : our survey

Among the 33 MFIs who answered this question, the evolution of the profit over the last three years of 8 of them is down, i.e. 22.9% that of 23 is high, i.e. 65.7% and 2 have a higher profit evolution ie 5.7%. It should be noted that when the turnover is high, the profit follows unless the company resells its products at the purchase price. The evolution of the benefit of EMF is decisive for their survival if it is high.

Table 6: Dividend appreciation over the past three years

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
Valid	Failling	3	8,6	10,7	10,7
	Raised	18	51,4	64,3	75,0
	Higher	7	20,0	25,0	100,0
	Total	28	80,0	100,0	
Missing	System	7	20,0		
Total		**35**	**100,0**		

Source : our survey

The table above shows us that of the 28 MFIs that answered this question, 3 experienced a downward trend in dividends distributed, i.e. 8.6%, 18 experienced a high trend, of which 51.4% and 7 a higher change of 20.0%.

This situation results in the fact that the shareholders can decide not to distribute the profits and allocate them elsewhere. The evolution of dividends is a determining variable of the sustainability of MFIs if it is high.

Table 7: Quality of the products offered compared to the competition

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
Valid	Bad	8	22,9	22,8	22,9
	Average	11	31,4	31,4	54,3
	Good	16	45,7	45,7	100,0
	Total	**35**	**100,0**	**100,0**	

Source : our survey

This table shows that 8 MFIs offer poor quality products and services i.e. 22.9%, 11 offer average quality products of which 31.4% and 16 offer good quality products and services i.e. say 45.7%. Since quality is an essential determinant of the existence of businesses in general, an MFI offering poor quality products and services is likely not to survive due to competition. The quality of the product is decisive for the survival of a company if it is of good quality.

Table 8: shareholder satisfaction

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
Valid	Yes	30	85,7	88,2	88,2
	No	4	11,4	11,8	100,0
	Total	34	97,1	100,0	
	System	1	2,9		
Missing					
Total		35	100,0		

Source : our survey

On reading this table, we find that among the 34 MFIs who answered this question, the shareholders of 30 of them are satisfied, i.e. 85.7% and those of the other 4 are not satisfied, i.e. 11.4%. We can notice that if the shareholders are not satisfied, they can withdraw their shares which make the financial strength of the MFI and the latter will disappear.

For an MFI to live in the long term, its shareholders must be satisfied so that it can access the capital market.

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Table 9: Overall IMF Satisfaction

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Yes	18	51,4	52,9	52,9
	No	16	45,7	47,1	100,0
	Total	34	97,1	100,0	
Missing	System	1	2,9		
Total		**35**	**100,0**		

Source : our survey

It appears from the table above that of the 34 MFIs that responded, the stakeholders of 18 of them are satisfied, i.e. 51.4% and those of 16 of them are not satisfied, i.e. 45.7%. The difference is not great at this level. This is explained by the fact that the leaders minimize the operating costs, the working hours are not arranged. The stakeholders in the life of a company must be satisfied for it to live in the long term.

4.3- Finding the Discriminating Factors of EMF Survival through Financial Goals: A Descriptive Analysis

We are going to test the validity of the hypothesis adopted in our study, namely the more an MFI pursues financial objectives, the more it is sustainable.

Table 10: Chi-square distribution

	Assessment of the evolution of turnover over the last 3 years	Assessment of the evolution of profits over the last 3 years	Dividend appreciation over the last 3 years	Objective qualification of the products and services provided in relation to the competition	Shareholder satisfaction	EMF overall satisfaction
Chi-square	24,029	21,273	12,929	2,800	19,882	,118
Df	1	2	2	2	1	1
Asymp.sig	,000	,000	,002	,247	,000	,732

Source : Author using SPSS software

From the table above, the following results emerge:
At the level of the variation in turnover, the value of the chi-square is 24.029, the degree of freedom is 1 and the probability of significance is 0.000 lower than the significance threshold which is 0.05. The conclusion we can draw is that turnover variation is a significant determinant of MFI lifespan;
The chi-square value of the profit change is 21.273; the degree of freedom is 2 and the probability of significance is 0.000 less than 0.05 which is the significance threshold. We then conclude that benefit variation is an important component of MFI survival;
Regarding the change in dividends, the value of the chi-square is 12.999; the degree of freedom is 2 and the probability of significance is 0.002 below the significance level (5%). The change in dividends has an impact on the lifespan of MFIs;
Regarding the quality of the products and services offered, the chi value is 2.8; the degree of freedom is 2 and the probability of significance is 0.274 greater than 0.05 which is the

significance threshold. The quality of the products and services offered therefore does not have an influence on the lifespan of the MFIs;
The chi-square value of shareholder satisfaction is 19.882; the degree of freedom is 1 and the probability of significance 0.000 below the significance level (0.05). Shareholder satisfaction influences the sustainability of MFIs;
At the level of stakeholder satisfaction, the chi-square value is 0.118; the degree of freedom is 1 and the probability of significance 0.732 greater than 0.05 (significance threshold). Stakeholder satisfaction therefore has no influence on the lifespan of MFIs.
The financial objectives determine the sustainability of the MFI if we stick to elements such as the variation of the turnover, the variation of the profits, the variation of the dividends and the satisfaction of the shareholders. This confirms our hypothesis that the financial objectives of MFIs have an impact on their sustainability. In general, we can conclude that the financial objectives pursued by MFIs have an influence on their lifespan.This corroborates the results of CGAP (2003), Tenekeu and Nzongang (2020), Djontu and Nzongang (2019).

5- Conclusion

Our study aims to answer the question of what are the criteria that allow a Cameroonian MFI to ensure its sustainability. In other words, what allows a Cameroonian MFI to ensure a long life? The theories of contractual failure and transaction costs have allowed us to understand how contracts are formed and undone between economic agents and have helped us to better define the objective of our study.
The objective of this work is to understand the factors that are at the base of the lifespan of MFIs in Cameroon. Specifically, it is a question of making a connection between the lifespan of MFIs and their financial objectives. To answer the research question, we hypothesized that the financial goals of MFIs have an impact on their lifespan.
Our study required the use of primary data. These data were collected in the field using a questionnaire. Our target population was made up of independent microfinance institutions. A sample of 35 MFIs was selected using the quota method, which consists of setting the desired proportions of companies based on available statistics on the population studied and questioning any company provided that the fixed proportions are respected. Given the small size of our sample and the qualitative nature of our variables, we deemed it necessary to use the chi-square test.
Our work shows that for Cameroonian MFIs to survive, financial objectives such as turnover, profits, dividends distributed and shareholder satisfaction must be taken into account.
However, a study conducted on a larger sample and different variables could have different results from ours.

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