

Effective Bank Performance: A Legal, Ethical or Moral Challenge?

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ABSTRACT

The importance of banks and the banking activity have over the years been acknowledged by all actors in various sectors of human and national life as capital for the wellbeing of all. The duty placed on the banks is an enormous one that of a real locator of the scarce resource –money- to seek a vital balance between those who have the resource and those who need the resource to invest for economic growth. Money happens to be the center of attraction for almost every activity as it serves as a medium of exchange of value. This leads to specifically high demand for it and access to it therefore becomes very problematic. Who should keep the money and on what conditions is it given out to those who need it? What should be done with surpluses and what if there is deficit or shortage in supply? These complex issues to be resolved have led to regulation on the banking activity at different levels. The banks will only efficiently perform their functions if these regulations are adhered to. Regulations though good, have demonstrated that not everyone is unanimous on how they should be employed and time has lent credence to the arguments that legislation alone cannot suffice to guarantee efficient bank performance. Reason why rules of ethics in banking and moral values have come not to compliment legislation but reinforce it such that an efficient bank performance would only be guaranteed by this trinity. Where the three do not coexist, or exist at variance, problems are bound to arise as is the case in Cameroon.

KEYWORDS: *efficient, regulation, ethics, moral, CEMAC, COBAC, corruption*

INTRODUCTION

Banking activity has been an economic activity that dates hundreds of years. It has evolved and attained sophistication in life with diversification of commercial business activities. Banking has at all-time been a lucrative activity for the obvious reasons, most important of them being the “manipulation” or access to money. This scarce resource constitutes one of the most vital assets of economic and social activity and the quest to acquire it has most often seen persons and people go beyond what is legally or/and morally acceptable to do in an effort to acquire it. Little wonder for the proverbial adage that “money is the root of all evil.” The banks as holders/distributors of the said resource are therefore, targets for diverse kinds of operations and activities with or by persons seeking either money or financing of their activities.

This should not be seen to mean only that money brings nothing but evil, far from it. Money as mentioned above functions as a medium of exchange of value generally in the society but also as a means of re-allocating the scarce resource. By this, those who can afford, make deposits in the banks so that those in need can borrow or use through various investment schemes. The banks in this re-allocation role also serves as a medium for development by lending to those in need and users of the resource for investment purposes which is often seen as the driving force behind economic development.

For the above reasons, the banks had and have always been a primary concern for the state. This is seen in cases where the

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state own banks and has retained the monopoly of monetary policies in almost every state. The importance of banks and banking activity has strongly been used as very strong argument for the necessity for government regulation of the sector. The banks being part of the Finance Industry, has therefore not surprisingly been subject to enormous regulation. Some economists though have often put forward many arguments for deregulation of the industry. The majority in the industry however have militated for regulation as opposed to deregulation. Many a time, deregulation was attempted and resulted in catastrophic consequences. The risk of a systematic failure most often has petrified state intervention in the banking sector. This has either been to rescue a failing bank or reacting to threats of collapse of the banking system. These interventions have resulted in not only debate as to the causes of collapse of banks but also in legal responses to redress the situation or pre-empting and preventing future occurrences.

Despite these actions, the world continues to witness the collapse of the banks from one country to another. Perhaps what is most distressing is the fact that after each banking crisis, we always witness a gamut of legislation coming up to address the situation either global, regional or national. Though these regulations are seen to be reactionary, they always carry a measure of prevention in them such that similar occurrences are prevented or will be easily detectable in future. We have seen the Organisation for Economic Co-operation and Development (OECD) very active in this domain. After successive directives issued by

the above body which sort of acts today as the watchdog and rule maker for banking institutions, we still witness recurrent bank failures, appointment of provisional administrators in banks and other financial institutions. This therefore raises the concern of whether bank failures or ineffective administration of banks lies exclusively at the doorstep of poor or bad regulation.

Agreeing with most practitioners in the sector, banking regulation alone might not be an answer to effective regulation and operation of banks. Earlier, it was mentioned that banks are not only looked upon as drivers in the economic sector, but their growth in size and wealth has attracted other aspects of social life like political power. Again as they say "Politics follows where the money is" aptly puts and makes glaring the potential use and influence of banks either as political tools or political transactions. This brings into issue of either the political influence of banks or the influence of politicians on banks and banking activities. This aspect of political involvement of the banks in state life has always been a point of close scrutiny, and at times denial by those involved in the sector. This has however taken a different dimension since state governments have in some occasions stepped in to rescue failing banks. This is exemplified in the American contagious theory of "Too Big to Fail" which many see as authorizing reckless managerial activity and compensating poor management as opposed to effective management of banks. With such government rescue of banks despite the armada of legislation regulating these banks and which was aimed at preventing future occurrences of adverse bank failures, one is not wrong to imagine that other issues may be related to bank failures or ineffective operation.

This leads one to look at Ethical and moral practices by the banks and bank staff. The best laws administered by ethical and morally bankrupt individuals are as bad as not having the law in place. Man's quest for wealth and well-being today in our society has become an arduous task of trying to balance probity in actions taken to make life better and impunity in wealth acquisition for the same purpose. At times, it was imagined that those employed in the banking sector were persons of high moral standards free of the vice of conversion, theft and dishonesty. In a climate of poverty and moral decadence, it becomes an uphill task for people to maintain the level of probability in action expected of them. This even becomes worst in a country where corruption has eaten deep into the fabric of national life. Corruption and failure in ethics is seen most in relation to money related activities and these are largely banking transactions which most often get bank staff involved.

It is therefore no surprise that banks today are coming up with ethics that should be maintained by all staff and the bank itself. Ethical and moral issues have been subject to a lot of scrutiny recently and contrary to what one may expect, which is to find but the lower echelon staff involved in unethical practices, causes of bank failures and bad operations have pointed to management or still better top management of these institutions. Cameroon has had her fair share of these banking crisis since the 1980s till date, succumbing to international, regional and national regulatory instruments and as other states, recurrent bank failures or appointment of provisional administrators in banks persists. This has driven the motivation for this article

which seeks to establish from analysis whether the non-effective operation of banks resulting in bank failures or appointment of provisional administrators is linked to poor regulation or can be blamed on a failure in the observance of Ethical and Moral values.

To achieve this, an understanding of the regulatory framework of banks is essential. This will be analysed from the statutory and institutional perspective followed by an ethico-moral analysis. At the end of the analysis, we should be able to say if effective regulation and operation of the banks is a legal or ethical, or ethico-legal challenge in Cameroon. Our guiding concept here being that, banks and their operations are vital to economic survival of a state with a lot of social ramifications. Bank status therefore attract a lot of risk taking and risk vulnerability from third parties dealing with the banks such that to successfully carry out their functions, banks must succumb to good if not appropriate legislation and control, and must also enforce high ethical and moral standards in their activities.

I. THE REGULATORY LANDSCAPE

The regulation of banks had for some time been a bone of contention amongst protagonists in the industry. The arguments for and against regulation were founded on diverse theories. Those that have continuously made their case more convincing are those who look at the fact that banks collect savings from the public at large and invest in other activities for their own benefit. Those whose savings are made use of in the banks activities have no control over the banks. This warrants government's intervention to try and protect the public from losing their life's savings. The failure of a bank will therefore result in untold hardship to savers. It is therefore regarded as the government's obligation to oversee the monetary policies or regulate the activities of banks in a bid to avoid social and economic consequences of bank failures on its citizens. These reasons that justify continued regulation of banks range from preventing banks from obtaining excessive economic power, deposit insurance, reducing the cost of individual bank insolvency, avoiding the effects of bank failures on the economy, protecting the payment systems, serving the interests of popularly elected officials to protecting consumers.¹

The above reasons are born out of the various risks that the banks are prone to; from capital risks to management failure risks. The combined effect of this is that systematic risks may surface leading to massive failures in the industry which would then bring about the dreaded consequences of bank failures. It is for these reasons that risk management and assessment tools and procedures have been mandated on banks. The indicators of risk as has been observed by Richard Fisher could be seen from universal themes among bank failures citing for instance too fast growth, moving into a fancy building, placing the chairman of the board as head of an Art committee and high incentives to compensate senior officers.² The situation in Cameroon suffering from the above

¹ George J Benston, Is Government Regulation of Banks Necessary? Journal of Financial Services Research, 200, Vol 8, pp 185 – 202.

²See Fisher R (2009) Comments on the Current Financial Crisis. Remarks before the "2009 Global Supply Chain Conference", 4 March, Fort Worth, Texas.

ailments is also exacerbated by what has been seen as abusive loan schemes which favour management and at times unaccompanied by adequate guarantees and a lot of insider dealings in the banks.³ Failure in management has most often been cited as one of the causes of bank failures.

The above problems have led to actions taken to regulate and manage risks in banks. The banking system has undergone rapid changes in its external environment and internal situations, followed by increasing complexity of risk of banking operations. Risk undertaking itself is not a negative step and it may be related with receipt of additional profit. The increase in such risks necessitates also a corresponding change in good corporate governance that encompasses active oversight of bank management policies, procedures and monitoring processes. Stress measurement test models have been put at the disposal of banks hoping that their risk management staff makes use of them to detect possible risk sectors or activities of the banks. It is the general belief that if individual bank failures are avoided, then systematic failures would also be prevented. This is because there is a correlation between individual bank risks and failures to systematic risks.⁴ It has been observed that “The progressive implementation of stress tests as a tool complementing traditional supervisory activities is making them valuable to financial authorities in monitoring and safeguarding the stability of the financial environment,”⁵ insisting that the increasing use of stress tests highlights the need to establish basic principles and guidelines providing for a systematic approach to them that is rigorous and straightforward. In addition to the implementation of stress tests, it is also necessary for banks to adopt and implement other principles and procedures related to Enterprise Risk Management to compliment the banking risks. The Enterprise Risk Management considered here as a process, effected by an organisation’s board of directors, management and other personnel, applied in strategy-setting and across the enterprise, designed to identify potential events that may affect the entity and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of organisational objectives.⁶

Even though much has been said, adopted and practiced with respect to regulation of banks and finance industry, it should not be taken or interpreted to mean that there is consensus

³See Ashu Felix Tambong, Reasons Why Local Banks in Cameroon Failed Within the 1980 – 1990 Periods – at http://ezinearticles.com/export/Ashu_Felix_Tambong/514749 submitted on July 03, 2006. See also Ernest L. Molua, Cameroon’s Top Banks, 2007, The Entrepreneur Newspaper 2007, Business and Finance

⁴Viral V Acharya, A Theory of Systemic Risk and Design of Prudential Bank Regulation, Journal of Financial Stability, Vol. 5, Issue 3 2009, pp. 224 – 225.

⁵ Antonio Marcelo, Adolfo Rodrigues and Carlos Trucharte, Stress Tests and Their Contribution to Financial Stability, Journal of Banking Regulation (2008), pp 65 - 81

⁶ Protiviti, Guide to Enterprise Risk Management: Frequently Asked Questions, 2006, Equal Opportunity Employer, pp 1. See also Duclaux Soupmo Badjio, A Warning Model for Bank Default in CEMAC Countries, HEC Management School – University of Liege, Department of Accounting, Finance and Law.

on the need to regulate banks and the finance industry in general. There are also proponents of deregulation especially in the United States of America who argue that the regulation kills investment incentives in the industry and as opposed to regulation, market prices should be allowed to drive the sector and industry.⁷ No matter how economically attractive their arguments have been, on isolated attempts they have failed to produce the effects predicted and resulted in financial crisis that the world have witnessed. These failures have as such reinforced the need for heavy regulation of the industry. No wonder the banking and finance industry too is subject to the most comprehensive and toughest regulations than any other aspect of the economic activities.

Cameroon banks have not been spared this regulatory burden as we shall see below. The regulatory landscape is made up of a mesh of international and regional conventions and national regulatory instruments. The responsibility for supervision and control of banks rests on the Central African Banking Commission known generally by its French acronym COBAC.⁸

A. CONVENTIONS REGULATING BANKS

Conventions play a far reaching role in banking regulation in Cameroon. The parent convention in this area being the Convention on Monetary Cooperation of 1972⁹ which laid down the framework for monetary cooperation in Central Africa stating the prospects of sound common initiatives of the countries of the Central African Sub-region to attain monetary viability and stability for member states. Pursuant to that convention, the second convention creating the Central African Banking Commission was ratified in 1990.¹⁰ However, the outstanding convention regulating banking activities in the country is the 1992 convention on the Harmonisation of Banking in the Central African Sub-region¹¹ better known by its French name Communauté Economique et Monétaire de l’Afrique Centrale (CEMAC). The convention provides that banking activities and the control of finance institutions as defined in the 1990 convention relating to the creation of the Central African Banking Commission must comply with the annex to the convention.¹² The regulations provided for in the 1992 convention (supra) apply to all member states of the CEMAC region.

The 1992 convention makes general rules for the creation of banks and other credit institutions as well as regulations relating to the appointment of bank managers and auditors.¹³ This convention also makes provisions for the

⁷ See generally Mane and his economic analysis of market economies.

⁸Commission Bancaire de l’Afrique Central.

⁹ Convention de Coopération Monétaire du 22 Novembre 1972.

¹⁰See Convention Portant Création d’une Commission Bancaire de l’Afrique Centrale, 16 Octobre 1990 ; especially the annex of the convention.

¹¹Convention Portant Harmonisation de la Règlementation Bancaire dans les Etats de l’Afrique Central, de 17 Janvier 1992

¹² Ibid Art. 1

¹³ Ibid see generally, Titre II and III of the annex to the convention

organisation of the banking profession in member states.¹⁴ The responsibility for regulation and control of the banks is conferred on COBAC.¹⁵ With respect to regulation, it is a shared responsibility by COBAC and the Ministry of Finance (MINFI). Regulations that are issued by COBAC are submitted to MINFI for publication in the member state.

The Ministry of Finance may take decisions relating to the minimum capital of the bank, the operation of branches and other activities related to the banking activity after concerting with the National Credit Council and on recommendation of the Governor of the Bank of Central African States.¹⁶ The control function of banks is attributed to the Central African Banking Commission (Herein after referred to as COBAC its French acronym).

The 1992 convention on harmonisation of banking in the CEMAC region in its Part VIII provides for sanctions for a wide number of offences ranging from breach of provisions relating to obtaining of authorisation to operate a bank, carrying out of banking activity after withdrawal of banking permit, to irregular operation of banks.¹⁷ Anyone who is found guilty of obstructing control by COBAC, makes false declarations will be subject to imprisonment of one month to one year with payment of a fine of 100 000 to 5 000 000 Francs CFA.

These amounts and imprisonment terms are obviously not sufficient if not outright ridiculous. Considering the consequences of breach of these provisions, one would imagine that some bankers may prefer to breach the rules, make more profits and pay nominal fines imposed by the convention. When one looks at the rest of the sanctions¹⁸ which are even far less than those above, it can only be concluded that they are inadequate and lack any deterrent effect on intending defaulters. More severe sanctions should be proposed here to serve as both punishment and deterrence.

THE BASEL CONVENTIONS

There is a general consensus by practitioners in the banking industry that statutory regulation of banks on its own would not provide the required results for effective bank operation. As such, it has been the practice to complement statutory regulation with other forms of regulation one of which is a prudential approach to the management of banks. This has come to be termed prudential regulation. Here, it is the assumption that bank failures are most at times linked to a failure in observing most banking norms and general management precautions that should ordinarily be observed and well-guarded by management. For these reasons, the

Basel Committee¹⁹ has as its main function the elaboration of rules relating to prudential management of banks. The committee has drawn up conventions sequentially called Basel I, II and III Conventions. Basel I and II were heavily criticized for not laying out comprehensive rules to achieve effective prudential regulation of banks. This resulted in the Basel III Convention 2010 and its subsequent revision in 2017.

The objective of Basel III and its amendments is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy.²⁰ Basel III considers that strong capital requirements are a necessary condition for banking sector stability but by themselves are not sufficient. A strong liquidity base reinforced through robust supervisory standards is of equal importance. The committee in line with this thinking introduced internationally harmonised global liquidity standards. This follows the global capital standards earlier introduced in Basel II; the intention here being to promote an international level playing field to help prevent a competitive base to the bottom.

Despite the above expectations, one may find it difficult to achieve good performance effects expected of banks especially in developing economies like Cameroon. The capital ratios are into costly loans which will have an inhibitory effect on intending borrowers. But none the less, our concern is to see if the regulations are observed as indicated in the conventions.

The convention made rules on four major issues which are the definition of capital, risk coverage, capital conservation buffer and leverage ratio.²¹ These are aimed at maintaining minimum capital requirements for each bank.

As part of its effort to address bank supervisory issues and enhance sound practices in banking organisations, the Basel Committee on Banking Supervision issued a directive on compliance risk and compliance function in banks.²²

Compliance starts at the top. It will be most effective in a corporate culture that emphasises standards of honesty and integrity and which the board of directors and senior management lead by example. The compliance risk here meaning the risk of legal or regulatory sanctions, material,

¹⁹ The Basel Committee on Banking Supervision consists of bank supervisory authorities and central banks from Argentina, Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, SAR, India, Indonesia, Italy, Japan, Korea, Luxembourg, México, the Netherlands, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. It usually meets at the Bank for International Settlements (BIS) in Basel, Switzerland, where its permanent secretariat is located.

²⁰ See the Basel Committee Report, Basel III: A Global Regulatory Framework for more Resilient Banks and Banking Systems. Dec 2010.

²¹ See the Basel II Convention 2010, Part I on Minimum Capital Requirements and Buffers, I, II, III, IV.

²² See Basel Committee on Banking Supervision, Compliance and Compliance Function in Banks, 2005.

¹⁴ Ibid Titre V

¹⁵ See Ibid Titre VI

¹⁶ Banque des Etats de l'Afrique Central (BEAC)

¹⁷ The penalties provided in Article 45 of the 1992 convention run from imprisonment of 3 months to 2 years with payment of a fine of 500 000 to 25 million Francs CFA or just either of the sanctions.

¹⁸ See generally Articles 46, 47 and 48 of the 1992 convention for the other penalties which run from 50 000 to 300 000 Francs CFA for breach of Articles 31, 36 and 37 of the convention.

financial loss or loss to reputation a bank may suffer as a result of non-compliance with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to its banking activities.

Pursuant to the above, the Committee made 10 principles expected of every bank in a bid to comply with regulations. These run from principle 1 to 4 which focus essentially on the responsibilities of senior management for compliance, though the compliance function in principle 5, resources in principle 6 and the compliance function responsibilities in principle 7 to relationship with auditors in principle 8.²³

With all of these comprehensive regulations and rules put in place, it becomes rather a question of implementation and observance than one of non-existence of the regulations by banks in the course of their activities. De-regularisation and globalisation of the 1980s made banks more fragile and banking crisis sort of proliferated resulting in economic downturns. Upgrading bank regulation and supervision became very necessary.²⁴ Cameroon banks have been at the crossroads of this exercise. Complying with these global bank requirements have been tedious and most at times the banks have complained of the impossibility of keeping with not only capital requirements but also leverage ratios.²⁵

After many years of implementation, an International Monetary Fund group assessed Cameroon's implementation of the Basel Core Principles.²⁶ With respect to Core Principle 1 relating to responsibilities, operational independence, legal framework or powers, protection for supervisors, the report concluded that, shared supervisory powers by COBAC and MINFI, made COBAC reliant on MINFI and other national authorities' willingness to cooperate for the implementation and enforcement of the decisions. Banks are seen to concentrate their credit activity on a limited number of highly creditworthy customers fearing the experience of the 1990s with the non-performing loans. Allowing prudential supervision of the banks on COBAC risks further straining its already overburdened human resources. Core Principles 2 – 5 relating to licensing and ownership have been seen to be complied with in terms of the Basel requirement.

With respect to the Core Principles 6 – 15 which deal with Prudential Regulations and Requirements, the capital ratios were seen not totally with regulations as well internal control mechanisms not so effective as a result of limited professional training and expertise in the banking sector. Capital adequacy and risk contraction ratios constituted the most fundamental of breaches to regulations.

²³Ibid, see the various compliance statuses expected from the members of the board of directors through middle management to the obligation for maintaining a compliance function and service in all banks.

²⁴See Caprio, Gerard and Daniel Klingebiel, 1996, "Dealing with Bank Insolvencies, Cross Country Experience", Policy Research Working Paper N°1620 (Washington, World Bank).

²⁵See Joseph Henri Ikori à Yombo, Normalisation de la Règlements Prudentielle Internationale et Evolution en Afrique Central, where he also analysis the difficulties of CEMAC Countries to comply with Basel Convention requirements.

²⁶See International Monetary Fund, Report on the Observance of Standards and Codes (ROSC) Cameroon, 2000.

Core Principles 16 – 20 which deal with supervision approach and on-going supervision also suffer from lack of effective implementation. The accusing finger here again directed at COBAC's inability to adequately cover the entire geographical spread of the CEMAC zone because of personal and other deficiencies. Thus this non-implementation is based on inability to function as an organ charged with implementation and not on the absence of regulation. However, COBAC in furtherance of Core Principles 23 – 25 recently signed a convention with the French Prudential Authorities to facilitate the exchange of information with respect to cross-border supervision.

The IMF report on the observance of the Basel Core Principles for Effective Banking Supervision²⁷ concluded that, a large part of the banking system dominated by foreign-owned-banks now respects prudential ratios, nevertheless, some banks are still in a precarious situation with a high degree of indirect credit risk and loan concentration and a lot of important liquidity risk.²⁸ It appears therefore that with respect to observance, Cameroon scored a pass mark but not one that was seen as the best in the Circumstances. This leads us to ponder more on the persistent breach or non-observation of the rules and regulations by others.

National legal instruments on banking regulation consist of Decrees, Ministerial Decisions and Circulars. Most of these instruments in themselves do not make provisions on regulations for banks but most at times come to complement other regulations passed by bank regulators and other monetary policies directed by BEAC and COBAC. So we may now instead of dwelling on such national instruments focus our attention on institutional regulation of banks and banking activities.

The regulatory institutions are COBAC (the Banking Commission for Central Africa), the Ministry of Finance (MINFI), the National Credit Council (NCC), Bank of Central African States (BEAC) and the Banking and Credit / Finance Association (APRCAM). However, the main supervisory and control institution is COBAC, on which we shall focus most of our attention.

COBAC, THE LEAD CONTROL AND REGULATORY BODY

Following the recommendations of the Monetary Committee created by the Convention on Monetary Cooperation of 22 November 1972, the six countries of the Central African region, created the Banking Commission of Central Africa popularly known by its French acronym COBAC.²⁹ This convention was followed by yet another one of January 1992 on the harmonisation of banking regulation in the Central African States.³⁰ Despite these conventions, the Banking

²⁷ Ibid

²⁸ See the report in footnote 27 for Tables with more detailed presentations of the individual principles and their level of observance to appreciate the quantum of compliance generally.

²⁹ See, Convention Portant Creation d'une Commission Bancaire de l'Afrique Centrale of 16 Octobre 1990 especially Article 1 of the Annex to the convention.

³⁰ See, convention on the Harmonisation de la Règlements Bancaire dans les Etats de l'Afrique Centrale, 17 January 1992 and Annex to it.

Commission created (here in after referred to as COBAC) did not go operational until 1993.

With respect to its organisation and functioning, COBAC is presided by the Governor of BEAC assisted by one of his Vice Governors. It is comprised of “3 censeurs” of BEAC or their alternates members, seven members or their alternates, chosen for their competence in banking, finance and legal competences as well as their moral standards. They are appointed for a three-year mandate renewable twice upon the proposition of the Governor, by the Administrative Board of BEAC, which is the only organ that reserves the right to terminate their mandate. Added to the above members, is also a representative of the French Banking Commission or any other person designated by the Governor of the Bank of France. The President of the Commission may also invite to the board any other person for consultative purposes during³¹ proceedings.

The Commission meets at least twice a year at the instance of the President who draws the agenda of the meetings. The quorum is a two third presence of the members and decisions are validated by two third majority of the votes cast.³² The immediate conclusion from the above is that COBAC is answerable directly to BEAC and the question of its ability to be independent springs to mind. This is aggravated by the fact that the budget, personnel and functioning of COBAC is insured by BEAC. This has drawn a lot of criticisms from across the banking sector and without. Such an important commission would best function when it is independent and not subject to possible influence from persons who are also seen to be participants in the industry. Whatever the argument for the presentation of the commission in the way it is, leaves much to be desired if the intention ante was to create a separate and independent regulatory body to oversee the activities of banks.

One of the most important powers given to the Commission is to exchange information with similar bodies in other countries for the purpose of standards applicable such that those in the Central African Sub-region may reflect international standards. These nonetheless subject to reciprocity and professional secrecy.³³

In the pursuit of its mission, COBAC draws up regulations destined to insure and control liquidity and solvability of credit institutions and their financial equilibrium. It defines accounting procedures and liquidity ratios, risk coverage and distribution of credit establishments. The list of documents and the time frames for their transmission by banks and other credit establishments to COBAC fall under its competence. The Commission can also request from credit establishments any information or justifications necessary for the accomplishment of its mission.³⁴

One of its most important function to control and carry out on the spot checks of credit establishments is given to BEAC. The Commission in this situation is relegated to the role of only drawing up the program of activities, this only in normal situations. In emergency situations, it is the

President who acts and only reports to the Commission in its next sitting. One cannot but beg to ask if this control function is one of BEAC rather than COBAC, and again why is it designed to work in that way for it discredits any arguments on impartiality, independence and objectivity COBAC is supposed to enjoy? Is this not a reason for understaffing COBAC given that the personnel in use here is that of COBAC and those of relevant national authorities, it is submitted that this mesh of the two institutions creates nothing but confusion and absurdity in their actions and roles and would produce undesirable effects than the intended objective or task anticipated.³⁵

COBAC in the exercise of its powers, can in the case of violations of regulation or ethics of good management met out the following sanction:³⁶

- A. Warning
- B. Blame
- C. Prohibit certain transactions or limit any other activities by the defaulting establishments
- D. Revoke one or more auditors
- E. Suspend or remove summarily all managers concerned
- F. Revoke the licence agreement.

COBAC may also in extreme cases appoint a provisional administrator mandated with all powers necessary including the power to declare a cessation of all payments to any credit establishment whose activities have been seriously compromised.³⁷

Despite any short coming that COBAC might be facing or has suffered in the exercise of its functions, the one function it has seemingly lived up to expectations is its rule making function. This function can best be appreciated in number and content of regulations emitted by COBAC to credit establishments. In a bid to enhance and standardise information relayed to COBAC, the Commission instituted the CERBER³⁸ system obligatory to all credit establishments to adopt in communications to it. This system sought to have appropriate information submitted and in real time to COBAC.

Another important regulation from COBAC relates to accounting and prudential regulation actions undertaken by credit establishments.³⁹ These regulations specify the mode of calculation of real capital of credit institutions and also regulating all transactions between banks and their shareholders, administrators, managers or personnel as provided by COBAC R-93/13 as modified by COBAC R-2001/05. Also, important here is the regulation on observance of ratios on risk coverage and relation between

³⁵ Ibid, see Article 10

³⁶ Ibid, Articles 12 and 13

³⁷ Ibid Article 14, see generally also the Convention on the Harmonisation of Banking Regulation in Central Africa Sub-region.

³⁸ See Instruction COBAC I-2008/01 which came into force on the 1st of January 2009, See also COBAC I-2008/01, LC-COB/014/DCP/JHI on CERBER Reporting systems and updates.

³⁹ See generally Règlement COBAC R-2003/03 and COBAC R-2010/03 relating to Accounting and Prudential Regulations on Operations of Credit Establishments.

³¹ Ibid, Article 3

³² Ibid, Article 4

³³ Ibid, Article 6

³⁴ Ibid, Article 9

actual capital and that of all credit risks in all operations maintained at 08%.⁴⁰

Internal and external auditors of credit establishments are vital to COBAC in its mission. This is because the auditors are normally those who carry out an in-depth study and examination of the accounts and activities of these financial institutions. As such, it is expected that they be amongst the first to discover any signs of malaise or wrong doing in the organisation. Thus if any anomaly is discovered, it should be presented in their reports which most often are relied upon to portray the bill of health for the organisation. Conscious of this vital role they play, COBAC has seldom organised conferences and meetings with these auditors to accompany them in their missions. These opportunities are used as instances of re-emphasising their importance and role they play in the maintenance of sound, effective and efficient functioning of the banking industry.⁴¹ Furtherance to its actions above, COBAC has instituted regulations on the activities of auditors in its 2004 regulation⁴² on activities and expectations of auditors.

Other regulations issued by COBAC range from regulating capital ratios, creating of guarantee fund, taxing of transactions, modification on minimum capital to risk management.⁴³ Regulatory actions taken by COBAC are not only in the nature of regulations but also in the form of instructions that are given to banks and other credit establishments. One of the most important of instructions is that relating to prevention of money laundry and terrorism.⁴⁴ This instruction gives a comprehensive list of documents and information that must be communicated to COBAC and ANIF.⁴⁵ The information ranges from identification of the credit establishment and other information on the correspondent for example, member state, type of file which must correspond to F1621⁴⁶ and status. Details relating to the individual subject of the correspondence must also be given.

From the above stated actions of COBAC, one would not be so wrong asserting that as a regulatory institution though

⁴⁰ See generally Règlement COBAC R-2010/01 Relatif à la couverture des Risques des Etablissements de Crédit and particularly Article 1.

⁴¹ See the final communique of a meeting between COBAC and auditors of the Credit Establishments of the CEMAC of June 20th 2013, for example.

⁴² See Règlement N004/03/CEMAC/UMAC/COBAC Relatif aux Diligences des Commissaire aux Compte dans les Etablissements de Crédit 2004.

⁴³ See COBAC R-2001/01 on Modification of Capital of Credit Establishments, COBAC R-01-09/CEMAC/UMAC/COBAC creating a guarantee fund,

Reg. N°, 02/02/CEMAC/UMAC/COBAC attributing competences on COBAC to sign cooperation accords for exchange of information,

COBAC LC-COB/25 on Tarrification of Banking Services

⁴⁴ Instruction COBAC I-2006/01 Relatif aux Informations sur la Dispositif de Prévention du Blanchiment de Capitaux et du Financement du Terrorisme.

⁴⁵ Agence National des Investigation Financiere.

⁴⁶ Standard Form, annex I to the Instruction COBAC I-2006/01 above. See also F1622, F1623, F1625, An42

not performing as expected, largely has been empowered by legislation to carry out its mission giving it wide rule making ability and also the ability to sanction. First of all, any sanction must go with the blessing of BEAC and worst the national institution charged with banking regulation also. Most at time, this is the relevant Ministry of Finance, headed by the minister. This office being a political appointment post raises questions as to how ready the relevant authorities will be to sanction an airing institution if the managers are political allies or even when they are friends as in the many instances where correlation in friendship has been made between the ruling class and bank management or good romance between the political class and the finance sector managers. Occupying high positions in these institutions be them banks or those that control them have been subject to appointments from the executive arm of government, no matter how much of it is disguised in the form of procedure respecting regulations. Appointment to functions in BEAC are underpinned by a lot of executive arm of government added to political undertone considerations; it is therefore difficult in our context to see how the appointee would face off to the appointers in an effort to regulate the credit establishment. No wonder the Governor of BEAC and his team sitting also play the role of COBAC, that is, being player, rule maker and regulator at the same time; I doubt if any argument can negative possible collusion in this type of scenario. To further compound this, all other regulatory institutions are manned by state appointed employees. So the question is; how neutral, objective and independent can they be in carrying out their duties? The answer must certainly point to the negative. The compendium of these regulatory bodies undoubtedly favour non staffing to adequate levels of COBAC as cited above. Recruitments have been made in COBAC but it is still wanting in terms of staffing. COBAC periodically communicates with the "outside world" in the form of reports that it publishes. At face value, these reports seem to say something but at a closer observation and analysis, they leave much to be desired. The banking sector is shrouded with too much secrecy such that those outside the higher echelons or those connected to it are short of being left completely in the dark. Consider this extract from a COBAC report;

"In the exercise of its control mission,

In this way in 2010, 18 injunctions, with some resulting in the institution of disciplinary proceeding were addressed to credit establishments in a bid to bring them to respect regulations. It should be noted also that 11 injunctions ended up with restrictions and only one warning to a credit establishment"⁴⁷

The report continuous with no identification of defaulters let alone the nature of the defaults committed. This is the attitude of the Commission when it comes to deviant acts or behaviour of managers or institutions. Such opportunities could be ceased upon to make the public know who to deal with. It is common knowledge generally accepted that, in the course of regulating institutions and other management, the simple knowledge that behaviour will be made public has the ability to affect the behaviour of those managing such that it could make them refrain from bad behaviour or make

⁴⁷ See COBAC Report 2010. See also the other COBAC Yearly Reports

them more cautious as such, re-enforcing the possibility of effective management of their institutions.

This protectionist attitude adopted by COBAC with its reports does nothing but encourage deviant behaviour by managers. COBAC should be more detailed with its reports so as to achieve the type of regulation described above. They should also publish their reports in English to meet up with constitutional provisions in Cameroon more so as its users are not only French speaking in this country.

From our analysis this far, we find out that in addition to legislation, there is a positive move towards the regulation of Banks from institutional perspective, but owing to the criticisms highlighted, more could be done to achieve effective regulation if not just to comply with regulations but also from the point of outsiders and users of these establishments and institutions, to render them trustworthy

So much of the non-respect of regulations revolves around deviant behaviour as will be seen from different actions and their acknowledgement by relevant regulatory authorities in their reports. These do not in themselves call to question the issue of paucity of rules and regulations but on respect of them. This raises issues of ethics and morality in the conduct of business by the banks and their officials. The question therefore is; how much of the failure of effective regulation and efficient functioning of the banks would be accused on ethics and or morality?

BANKING ETHICS AND MORALITY

The importance of banks in the society need not be over emphasised. The role of banks in the economic development of a nation is unique; from being a means of payment systems to equitable allocation of funds necessary for the development of the economic life and sustainability of social peace and progress. No wonder the efficient functioning of banks becomes one of the most important focal points of every government. Government intervention most often is seen in its regulatory actions in the sphere of legislation and institutional control of banks and the banking activity. Recurrent bank and other credit institution failures as well as the appointment of provisional administrators is prove of the failure of legislation alone in the operation of banks and banking activities. Recent thinking has favoured the application of bank and banking ethics as complementary measures to ensure or to strive to achieve efficient functioning of banks. Even where ethics are put in place, there are still the failures mentioned above. This can only be explained therefore on a person's disposition to do good or bad or ability to distinguish right from wrong or abstaining from conduct which is deemed as not being socially acceptable.

The tendency has been to consider ethical practices as being founded on morally accepted course of conduct in the society. This explains why in considering the study of ethics, it is most often looked at as being the study of morality or the two terms being used interchangeable or as synonyms.⁴⁸

⁴⁸ See Valentina Fetinuic, Ivan Luchian. Banking Ethics: Main Conceptions and Problems, *Annals of the University of Petrosani, Economics*, 14(1), 2014, 91 – 102.

See also Abdelrahim M. Kadomi & Osama O. Jaara. Bankers' Personal Moral Thought Evidence, *International Journal of*

This paper considers Ethics and Morality as separate. Ethics being the sum total of norms that are put in place to guide practice in the banking sector which may derive from regulations or generally accepted codes or internal codes of ethics drawn up by each bank or credit establishment. Morality considered as socially accepted norms which most often are not written but seen as compelling guidelines for acceptable social conduct adopted or acquired by individuals in a given society. One's ability to observe ethical norms may not be born out of his appreciation of what is good or bad conduct in the society but rather from his fear of punishment or risk of loss of his job. If despite the fear of punishment one engages in deviant behaviour, then one should question his morality. Here breach of moral values will be conditioned by personal interest rather than collective interest. And so the higher the probability of personal interest overshadowing collective interest, the most likelihood ethical norms will be breached. In this case, the breach of such norms (ethico-moral) will be based on the individual's desire to make good his situation to the detriment of others. If one were to follow Plato and Socrates' arguments on the fact that ethics and morality are premised on an individual's appetite to be happy, then such happiness could only be real and lasting if it is built on social co-existence of others, on the basis of collective happiness guided by acceptable ethics and morals.⁴⁹

Ethical requirements are sourced from legal provisions regulating banks and banking activities. This is a legislative recognition of the inability of legal rules alone achieving effective bank regulation in a bid to achieve efficiency in their operations. Within the CEMAC Sub-region, this extends to not only bank management but also to officials sitting in COBAC who are appointed not only by virtue of their professional expertise but also on their dignity, as individuals who are morally up right.⁵⁰ COBAC in a bid to sieve persons who can sit as administrators in the banks or carry out functions as auditors in these credit institutions have put guidelines on the personalities of the individuals required as indicated above. With respect to auditors, a code of conduct has been laid down for them.⁵¹ Most of the ethical guidelines of the country are derived from the Basel Committee's guidelines on good governance which *Stricto Senso* are not directly moral in character but tilt towards practices that are deemed acceptable in banking standards.⁵² Most credit establishments develop internal ethic codes that must be adhered to in the conduct of their affairs. The ethics issues most often will be internal to the organisation, here intrinsic to its activities and relationships with employers, management and the establishment. On the other hand, they may regulate external activities, that is, the relationship

Business and Management: Vol. 8, N° 12. 2013, Canadian Center of Science and Education.

⁴⁹ See Jelena Bozovic. Business Ethics in Banking, *FACTA UNIVERSITATIS, Series Economics and Organisations* Vol. 4, N° 2, 2007, pp. 173-182

⁵⁰ See the Convention on the Harmonisation of Bank Regulation in CEMAC Sub-region in its Article 27. See also the Annex to Convention creating COBAC especially its Articles 3 and 12

⁵¹ See the COBAC directive above on the Regulation of Bank Auditors.

⁵² See Basel Committee on Banking Supervision, *Compliance and the Compliance Function in Banks*, April 2005

between the establishment and other banks as well as the environment in which they operate. Here there is ethical behaviour when banks are seen to support or take part in actions and activities that are environmentally friendly like not funding business schemes that enhance environmental pollution or degradation, funding cultural and educational activities, health, sports etc. these considerations are of prime importance than maximising organisational interest of profit making. The objective here is giving the bank a good image which will in turn favour the realisation of its organisational objectives.

Internal ethical rules will most often be presented in the form of codes as stated above. First, and worthy of note is that, there is no national code of ethics specific to banks in Cameroon. The good governance code is what all business institutions rely on. This document is nothing but guidelines for minimum conduct from which institutions should elaborate individual codes which most of them have generally not done. In certain countries, the National Professional Association comes out with a general code of ethics which must be adhered to by all credit establishments.⁵³ However, individual banks reserve the right to make provisions for more severe codes in their respective banks that must be respected by bank staff in the discharge of their functions.

Most code of ethics will relate to a number of issues considered pertinent for the maintenance of good bank image and seen as conducting business in a fair and honest manner. Provisions that seek to eliminate if not reduce to the barest minimum instances of conflict of interest, personal and organisational interests are made and subject to validation by the administrative board of the establishment. Promoting ethical practices by shunning corruption and bribery, compliance with regulation and money laundering, undue influence, lending transactions and inappropriate sales and customer commitment provisions are engraved in the code; avoiding business gifts and entertainment which would seriously compromise objective and sound banking practice. Confidentiality obligations and privacy of employee information guidelines will most often also be part of the code. The maintenance of business relationships and fair competition as well as transparency with regulators would also be inserted as these are important elements to commitment to the external stakeholders of the establishment.

Modern business management gives importance to the work environment. More and more demands are made by workers on their working conditions, but organisational management has also come to realise that achievement of organisational objectives would also depend on how conducive the conduct of affairs at the work place is done and the general apprehension of the employees of how conducive the work place is seen to be. To this effect, rules on fair behaviour and employment practices, harassment and discrimination, health and safety, communication and accurate company records and reporting are adopted.⁵⁴

With the phenomenal absence of established code of ethics generally and individually for the banks, one finds it normal to witness certain unethical behaviour seldom found in banks in this country. Discrimination in recruitment and promotion, summary dismissals, improper employee-customer transactions based on private interests and benefits. Award of loans which are seen as unethical, in fact most commercial banks in Cameroon are major offerors of such loans which if not for personal benefit in terms of kickbacks to the loan certification officials, it is for the interest of the bank in the short run which in the long run become unfavourable to the bank. An example here is with loan schemes that are proposed to customers. Most customers of commercial banks in Cameroon are civil servants or other workers in the private sector who also earn by way of remuneration salaries. Most of them especially those in the public service by way of obligation by state must have bank accounts through which salaries are paid, the minimum wage which is below 40 000 Francs CFA and general wage for the Cameroonian worker is too low as compared to the neighbouring countries and by far low compared to international standards. The immediate consequence of this is that the workers live below average wage and as such are in constant quest for finances to meet up for the various responsibilities. This has been a weakness exploited by almost if not all banks in the country. Various products are offered to customers, you can name them; car loans, building loans, school fees (tuition) loans, overdrafts etc. These are products that seek to cover the gaps that a salary owner cannot cover with his meagre salary. It is good ethics that before a loan is given, the banker must ensure the financial status of the borrower and his ability to live his normal life despite the loan. If this is not possible or if seriously affected, guidance or advice to refrain from the loan is given. This is because the loan might end up being counterproductive and becomes a loss to the bank if the borrower cannot pay. Also, in order not to seriously affect them in a negative manner, the life of the borrower, ethically, the bank must advice against the loan. How then do we explain the fact that a single salary earner as described above ends up with all of the above loans at the same time; such that it is not uncommon to find Cameroonians who at the end of the month cannot have a thousand francs of their salary because they have to service the loans. The only option to them is more indebtedness, overdraft or related schemes which do nothing but sink them down the debt abyss. The end result is that most abandon work, live wretched or even die. In these circumstances, we see the banks not bothering on the welfare of their customers but rather preying on them for their interests. What ethical explanation is given to this? Nothing but organisational greed which in higher scales, serves nothing but to kill the organisation and its customers in the long run. In other banks, it's about concentrating loans on wealthy members and customers to the detriment of smaller customers. Codes of Ethics if established would check these ethical flaws. With respect to employment, it is even worst for as stated above it is not on professionalism that recruitments are done, but rather on tribal leanings depending on where the owners and the managers are from. It is not uncommon to hear banks referred to in terms of tribal origins of those who own, manage or work in them. These ethical flaws in recruitment end up having dire consequences for the organisation in question, poor performance, weak competition, inability to attain objectives as almost every fabric of ethical practice is

⁵³ See the Code of Ethics of the Banks Association of Turkey
See also situation of Lithuanian banks

⁵⁴ See Code of Ethics for Axis Bank for example

breached. One would therefore have expected that if the codes were present, breaches to the codes would be met with stiff sanctions. But when the codes are non-existent, how do we expect to get sanctions so as to redress the situations? Ethics therefore are only taught to bank employees in workshops and seminars organised by the institutions and as best understood or practiced by senior management. In this situation, it should be ethics by copying managements' behaviour. The more conscious it is of ethical demands, so will it behave and spread same to the organisation. In this manner, it becomes more discretionary than normative and 'obedience' becomes difficult.

In the failure of ethical considerations in a bid to achieve effective regulation and efficient functioning, one has to turn to the "regulator of last resort"; Morality. As earlier stated above, an individual's disposition to act acceptably in the society is conditioned on his ability to distinguish good from bad, right from wrong, or being able to act objectively and above all fairly. Most of these abilities are gathered from social norms which most often are not written or at times conditioned by religious beliefs. The general acceptance of what is good conduct in the society and which should foster social happiness which also emanates from individual happiness is gained by the observation of moral norms. A conscientious individual tends to be so in all situations while one who is not will be seen to be ready to breach any norm he is faced with. These are natural human tendencies and successful organisations must not separate work from life for this will be an obstacle to personal development.⁵⁵ A breakdown in social cohesiveness may play a great role in shaping an individual's ability to remain morally sound. This aspect has played a lot in the Cameroon situation. Prior to the 1990s, little was known of corruption in the country, not because it did not exist, but because it was at its barest minimum that it could barely be a reason for concern to the majority. The social and economic crisis of the late eighties and nineties changed this status-quo. With the harsh economic and social climate, coupled with the devaluation of the Franc CFA, living went to sub-standards and not only was the state struggling to survive, so also was the population. This saw a near eradication of any principles and concepts of morality in the country and the CEMAC Region as a whole; employment at its lowest, living standards at all-time lowest and break down in social order. This gave a good recipe for a change in behaviour. No respect for the rule of law, decline in moral teachings; all of these in a quest for survival. After years of pressure under these conditions, the result is what we suffer from today; corruption, bribery, moral decadence, no respect for order and the rule of law, such that we have been presented as champions of these vices.⁵⁶ Corruption has attained institutionalised status, bribery a way of life, cheating the "unacceptable" accepted norm, morality and religion relegated to the backyard; failure in trust and honesty, suspicion becoming the rule. This decayed state of affairs has eaten deep into the fabric of public and social life. No wonder fairly recent, the government has been trying to create and implement measures which should or are aimed

⁵⁵ See the works of Peter Drucker for example, *Concept of the Corporation, The End of Economic Man ; The Origin of Totalitarianism Management; Tasks Responsibilities, Practices etc*

⁵⁶ See Transparency International Reports periods 1990 - date

at reversing the current state of affairs; creating the Special Criminal Tribunal to try actions relating to embezzlement of public funds, creation of an Anti-Corruption Commission, Whistle blowing opportunities and perhaps the reintroduction of Civic Education in school curricular. Salutary measures but these have been criticised as only amounting to window dressing. Most Cameroonians do not believe in them. This shows nothing but the level of distrust and lack of confidence in the parties concerned. This manifests itself even when we look at the number of Cameroonians who deal with banks. Bank failures within the same crisis period as well as other credit establishments accentuated this animosity. Loans are validated only for the wealthy, friends or relations or for those who can negotiate on side personal employee benefit. When it comes to other banking activities, as long as the customer is capable of making ex gratia operation or transaction payment to employees, there isn't any favour that he would not obtain from the banks even if it means thwarting regulations or codes of ethics and morality. The frequency of underperforming bank products proposed to customers is alarming, at times with no adequate solutions for customers who at times fall short of physical violence to see their plight considered. Credit cards of all sorts issued by various banks at times obligatory to customers are top in providing conflict situations.

This atmosphere therefore has only created a decline in morality where most people are ready to disregard moral values to gain access to finances for themselves or others. If legislation, institutional control and ethical practices failed, one could hold that a morally upright workforce in a quest to do what is fair, objective, good and of good conscience could keep bank institutions in a state of fair operation within the market setting. The reverse seems to be the case here. Regulation and institutional control of the banks despite their weaknesses are working towards the objectives of effective regulation and efficient functioning of these banks. The dilemma here is where the legislations and other regulatory instruments though not comprehensive are in the hands of persons who are not so ethically and morally certified to execute them. This should in a way account for the most part for the lapses observed in the strive to effective regulation and therefore should be seen and treated as an integral part of the strive to effective and efficient operation of the banks and banking activity.⁵⁷

To conclude, this paper has analysed the prevailing situation in Cameroon and comes out with the conclusion that, there exist legal instruments as well as conventions that have made sufficient regulations on the regulation and efficient carrying out bank and banking activities respectively. Also

⁵⁷ See the following for further reading ; Johannes M. Groeneveld, *Morality and Integrity in Cooperative Banking, Rabobank, The Netherlands, Ethical Perspectives* 18. N°4 (2011): 515 -540

Peter F Drucker – *Management Needs Moral Values, The Future of Industrial Man*, John Day New York, pp 110, 1942, *Special Report, The Economist* (12 Nov. 2005), *The One Management Thinker Every Educated Person Should Read*, Kimutai Kevin Torais, Felishana Jepkosgei Cherop, Samuel Kibet, Tenai Joel Kipnetich; *The Ethical Decision Making of Bank Managers and Corporate Financial Performance in Kenya*, *Developing Countries Studies*, Vol. 4, N° 25, 2014.

COBAC which is the prime regulatory body overseeing the banking sector in Cameroon and the CEMAC region in general as far as its rule making mission is concerned has made encouraging efforts to regulate the banking sector. Despite these, the deficiencies it suffers in terms of the role played is blurred by the nexus of other institutions carrying out (or assisting it in carrying out) related regulatory and control functions. Here, a recommendation is given for a fully independent and autonomous body to be created that should take over the control and regulatory function on banks. This should negate the criticisms against COBAC and build a more realistic institution that would carry out the mission of COBAC without risk of compromising its independence and neutrality.

With respect to Codes of Ethics, they are generally absent and either each bank should be made to institute and respect codes of ethics for themselves or a Uniform Code of Ethics in the banking profession should be adopted and applied by all banks. This is the area that witnesses most deviant

behaviour either by the banks or their managers and employees.

With respect to failed morality, it is observed as a national calamity and despite the steps that government is trying to institute to re-establish confidence and honesty as well as decorum in individual and cooperate life, more aggressive means of re-education and re-incarnation of moral standards in the population need to be accelerated. Here with the state being at the forefront by matching words with actions supported by the religious bodies and the society in general, the turn for the better must eventually be earned not regulated. This is the hardest nut to crack in this whole equation on effective regulation and efficient functioning of banks.

The efficient operation of banks in Cameroon, can be concluded to be more of an ethico- moral than legal challenge.

