

POVERTY, RURAL FINANCIAL INSTITUTION BUILDING AND GENDER SENSITIVE DEMAND ANALYSIS IN THE NORTH-WEST AND WEST PROVINCE OF CAMEROON*

Gertrud Schrieder
University of Hohenheim

1. Introduction

Most developing countries show the typical dualistic structure of an informal and formal financial sector.¹ Often there exists also a semi-formal sector in the financial market of developing countries. The formal financial sector, especially in rural economies of developing countries, plays a limited role in financial intermediation and is stigmatized from frequent institutional failures and organizational breakdowns.² The population coverage and total portfolio volume of informal financial intermediaries is often superior to the formal sector. However, neither the formal nor the informal financial market provide adequate financial intermediation on a broad geographical basis, sufficiently stimulate economic growth and, thus, improve food security. Yet, evidence suggests that appropriate financial services will, in the long term, ultimately lead to economic growth at the national level (BMZ 1994, World Bank 1989) and, in the short and medium term, improve income and food consumption at the food insecure micro level (Schrieder 1996, Zeller *et al.* 1997).

2. Conjoint Analysis and its Application to Rural Financial Institution Building

Research on rural finance has paid limited attention to households' preferences regarding financial services. Yet, part of the success of financial institution building (FIB) depends on the potential clients' overall acceptance of the services offered by the financial market intermediaries.

Scholars (among others: Adams *et al.* 1984, Bouman 1977 and 1990, Heidhues

* An earlier version of this paper was presented at the 23. International Conference of Agricultural Economists in the contributed paper session on "Off-farm employment", in August 10 - 16, 1997, Sacramento, California. The author gratefully acknowledges the support of the GTZ and IFPRI. However, we are alone responsible for all the remaining errors and views expressed in this paper.

¹ The formal financial sector is subject to central bank regulations while informal financial intermediaries are not. Generally, informal financial transactions occur directly between savers and borrowers (Burkett 1988).

² North (1990) describes institutions as the rule of a game in a competitive team sport. Organizations are analogous to sports teams. Institutions and organizations influence each others development. It is in this sense that financial institution building comprises not only the creation of financial intermediaries offering appropriate services but also the existence of a reliable legal and regulatory framework (Adams *et al.* 1987, Bechtel and Zander 1994, Zeller *et al.* 1997). Here, organizational as well as institutional changes are addressed.

and Weinschenck 1990) conducting research on informal financial intermediaries showed that particular traits distinguish them from their formal counterparts. Rural finance theory suggests that these traits result in the observed comparative advantage of the informal over the formal financial sector. Thus, from the 1980s onwards, rural FIB programs started to adopt instruments of informal financial intermediaries to strengthen their performance. Despite this, many programs failed (World Bank 1989).

In this context, two hypotheses are advanced. First, the informal financial sector traits as adopted by rural financial intermediaries do not necessarily reflect true customer preference for formal financial services. Second, FIB programs lack stringent and bottom-up information about rural smallholders' preferences regarding financial services. Customized marketing involves a research dialogue between the financial intermediary and the client resulting in the customization of the service, promotion and distribution (Engel et al. 1993).

Therefore, for sound FIB, the unreflected adoption of financial instruments from the informal financial sector ought to be replaced by a forward analysis of clients' requirements for financial services. The determination of the demanded financial service profiles (FSPs) and the subsequent integration of these profiles in the formal financial intermediation will increase financial market efficiency and subsequently income and food security (Bechtel and Zander 1994). Conjoint analysis (CA) provides a powerful method to (1) predict customers' preferences and demand for FSPs, whereby the term "financial service profile" refers to a package of financial instruments offered by an intermediary to a certain market segment³, and to (2) involve the target group already in the pre-marketing phase of the FIB process. It is thus a step towards customized marketing.

This paper presents results of a CA application in rural Cameroon. The empirical research was conducted in March/April 1992 and comprised 356 cross-sectional interviews in seven villages of two Cameroonian provinces, the West and the North West province. Between 11 and 22% of the rural adult population in the sample experienced chronic food insecurity, depending on the season, dry or rainy. Malnutrition was particularly alarming among preschoolers. More than 30 % of the screened pre-

³ Market segments are defined as groups of clients whose responses to some market stimulus exhibit relatively little within group variation but considerable among group variation (Engel et al. 1993).

schoolers were stunted and about 20% were underweight (Schrieder 1996).

Using a multi-nominal logit analysis, the paper quantifies the demand for FSPs, particularly loan services suited for the rural poor. Access to credit is pre-eminent for liquidity constrained rural poor to invest in income creating activities or to bridge temporary income deficits, thereby maintaining their human productive capacity (Schrieder and Heidhues 1995, Zeller 1995). Based on the econometric results of CA and the New Institution Economics (NIE) theory (Hoff et al. 1993, North 1990, Richter and Furubotn 1996), the paper continues to discuss policies oriented towards a more efficient rural FIB. It finishes with a concluding statement.

3. The Model

This work focuses specifically on CA as a consumer research instrument to quantify potential clients' preferences for various levels of multi-attribute financial services. For this purpose, CA employs frequently additive models (for details on the models see: Green and Srinivasan 1978 and 1990, Moore 1980). This paper applies the componential segmentation model for reasons that are discussed below:

$$Y = \sum_{i=1}^{n_i} \sum_{j=1}^{m_i} \beta_{ij} X_{ij} \sum_{k=1}^{n_k} \sum_{l=1}^{m_k} \gamma_{ik} Z_k + \epsilon$$

Y denotes the clients' overall preference, respectively choice for the FSP alternatives under investigation. These alternatives are described in terms of j -levels for i -attributes. β_{ij} is the part-worth utility associated with the j th-level of the i th-attribute. The part-worth utility measures the relative importance of X_{ij} in estimating the dependent variable. X_{ij} is a control variable to flag either presence ($X_{ij}=1$) or absence ($X_{ij}=0$) of the j th-level for the i th-attribute. Z_k denotes the vector of background variables.⁴ The attributes of the FSPs analyzed here are:

⁴ In the original work of Schrieder (1996), various socio-economic factors and their effect on financial service preferences were analyzed. These were among others income quartiles, wage earner, literacy and gender.

Y = Client's choice of a given financial service profile.

X = Explanatory dummy variable of the financial service profile.

Z = Respondent's explanatory background variable.

ϵ = Error term.

Y = First choice (most preferred) FSP as presented in Table 1.

Z = Respondent's explanatory background variable, here gender, 1 = male, 0 = female

X_i for $i = 1$ to 4: (1) Savings remuneration,
(2) Eligible borrowing purposes,
(3) Collateral, and
(4) Government involvement.

The levels for each attribute are:

$X1_j$ for $j = 1$ to 3: (1) No interest paid on savings,
(2) 6 % annual savings remuneration, and
(3) 12 % annual savings remuneration.

$X2_j$ for $j = 1$ to 2: (1) Only income generating investments/production loans, and
(2) Income generating and consumptive purpose loans.

$X3_j$ for $j = 1$ to 3: (1) Joint group responsibility (JGR) for loans given to individual group members,
(2) Savings represent the collateral, and
(3) JGR combined with savings that represent collateral.

$X4_j$ for $j = 1$ to 2: (1) No government involvement, and
(2) Government involvement.

These attributes and their levels determine directly the interviewees' evaluation respectively preference of the FSPs analyzed. The number of all possible FSP combinations ($2^2 \times 2^3 = 32$) would go beyond a respondent's capacity to evaluate in a full-profile approach. Therefore, the orthogonal main effect design (Addelman 1962) was used to select a subset of nine FSPs (see Table 1). Through the orthogonal main effect design, all main effects of the attributes can be statistically captured.

The componential segmentation model emphasizes the interaction between service profile X and the respondent's profile. This requires the extension of the additive model by a vector Z_k that can describe the respondents in terms of geographic, demographic, or socioeconomic background variables. Interaction between a person's background variable and the attribute levels X_{ij} is represented by the parameter γ_{jk} .

The Z_k denotes the vector of background variables. Componential segmentation can explain the variability of Y for any alternative X_{ij} of a FSP in three ways: (1) variability due to the service attributes; (2) variability due to the person's attributes; and (3) variability due to the interaction between the service and person's attributes. Significant interactions indicate that different sample respectively market segments may have different preference ranks (utility values) for an attribute alternative X_{ij} (Green and Srinivasan 1978 and 1990, Moore 1980).

Table 1: *Orthogonal Main Effects Design of FSP*

FSPs	Annual Savings Remuneration	Eligible Borrowing Purposes	Collateral	Government Involvement
1	None	Investment	Savings=Collateral	No
2	6%	Investment & Consumption	JGR/Savings=Collateral	No
3	12%	Investment	JGR	No
4	6%	Investment	JGR	Yes
5	12%	Investment & Consumption	Savings=Collateral	Yes
6	None	Investment	JGR/Savings=Collateral	Yes
7	12%	Investment	JGR/Savings=Collateral	No
8	None	Investment & Consumption	JGR	No
9	6%	Investment	Savings=Collateral	No

4. Gender Sensitive Econometric Analysis of Financial Service Profiles

The following explores the econometric results of CA with respect to the above presented nine FSPs in poverty oriented rural FIB with particular emphasis on women's utility. The adoption of results from CA allows FIB programs to customize their marketing according to the demand of different market segments, here gender.

4.1 Preference Analysis

A more positive (or less negative) effect in the multi-nominal logit estimation denotes, *ceteris paribus*, a higher perceived likelihood to choose a FSP comprising this at-

tribute level. The logit analysis presented in Table 2 depicts the average utility values of the multi-attribute FSPs as well as the relative importance scores of each attribute in %, differentiated by gender. The average utilities should, however, not be taken as representing the preferences of the majority of the respondents, as there may be actually few who express the average utility (majority fallacy).

Equal gender access is always a critical aspect in rural FIB. In many developing countries, women, on the one hand, are charged with subsistence production and family nutrition. Providing credit to women will eventually increase food security through improved food crop productivity, thus raising subsistence income and eventually cash revenues from trading food crops. Also, they often engage in petty trade or handicraft, thereby diversifying the family's income sources and reducing the risk of income shocks. On the other hand, men are often responsible for cash crop production which is important for families' cash revenues and national agricultural export revenues. Both sides compete for attention from development aid. International or national FIB programs apply sometimes separate schemes for each gender, or they concentrate on one. However, to ration one gender out or to implement two separate schemes may waste funding and reduce efficiency. Therefore, a forward analysis to extract preference differences between genders could increase economic efficiency of FIB and broaden its coverage of the target clientele, particularly the poor in a participatory process.

In general, genders do not differ significantly in their perception of the relative importance of financial service attributes. However, Table 2 shows that they differ in their utility perception of attribute levels. For example, the female segment of clients perceives a significantly higher utility from the JGR loan security scheme than men.⁵ Male (1993) points out that lending policies based on conventional tangible collateral may limit credit access by the majority of the poor. Women depend frequently on their own limited cash resources or capital of the extended family to cover expenditure needs and to buffer income risks. They may therefore dislike the thought of confining a substantial part of their financial savings as loan collateral since this reduces their everyday risk bearing capacity. Also, the main-effects analysis (for in depth information see Schrieder 1996) showed that women tend to prefer loan services that allow

⁵ It ought to be pointed out here that formal financial intermediaries such as banks require normally a modification of the banking law to become capable of using JGR as a substitute for physical collateral (Schrieder and Heidhues 1995).

for production as well as consumption expenditures. Schrieder (1996) indicated that women are cash liquidity constrained with respect to their income. To overcome their liquidity constraints with respect to family welfare, women appear to resort to consumption loans. Evidently, men's cash flow is more sufficient to cover consumption expenditures than women's.

Table 2: Multinomial Logit Estimation of Average Utility Values for Financial Service Attributes, by Gender

	Men		Women	
	Effect	t-Value	Effect	t-Value
Savings Remuneration				
No interest paid	-1.28710	-6.11220***	-1.25439	-6.52162***
6 % per annum	0.36833	2.62549**	0.35210	2.68809***
12 % per annum	0.91878	7.02043***	0.90229	7.52168***
Relative importance in %	68.0		64.6	
Eligible Borrowing Purposes				
Production	0.07639	0.71978	-0.03125	-0.32377
Production & consumption	-0.07639	-0.71978	0.03125	0.32377
Relative importance in %	10.7		10.5	
Loan Collateral Scheme				
Joint group responsibility (JRG)	0.14205	1.21373	0.32622	3.03784**
Savings = collateral	0.10025	0.82354	-0.04884	-0.41264
Both of the above	-0.24230	-1.93906*	-0.27738	-2.33951**
Relative importance in %	10.4		12.5	
Government Involvement				
No	0.20606	1.96193**	0.29201	2.95924**
Yes	-0.20606	-1.96193**	-0.29201	-2.95924**
Relative importance in %	10.9		12.4	
Chi-Square	89.767		110.493	

Notes: The signs *, **, and *** indicate significance levels at the 10, 5, and 1 % level. The Chi-Square values of the multinomial logit estimation are significant at the 1 % level.

Readily available liquid savings, in kind and in cash, play an important role in buffering income shocks, especially among the poor. Women, frequently among the very poor, would therefore prefer a formal financial intermediary that accepts JGR as loan

collateral scheme. In JGR, the group extends peer pressure to prompt members' loan repayment and otherwise acts as bail. The government involvement/non-involvement variable is significant at the 5 % level, regardless of gender. The direction of the parameters is also as expected, with positive parameters for non-government involvement. Nevertheless, women have an even stronger urge to exclude governmental authority than men, as the more positive utility parameter indicates.

4.2 Empirically Controlled Demand Analysis

The preceding section analyzed hypothetical FSPs and segmented preferences along gender. This section attempts to appraise the relative attractiveness of precisely defined FSPs (Table 3). The FSPs are assessed by adding up earlier estimated mean utility levels of the attribute levels (for figures see Table 2). The total value of the utility levels is used as exponent and then converted into percentage shares of clients likely to demand that particular FSP. Nevertheless, the threat to predicting the intention of a client to choose a certain service is the disruption caused by unexpected situational influences. Such a situational influence occurred in January 1994 when Cameroon devaluated its currency by 50 %. Thus, one can assume that the utility attached to the financial savings collateral scheme is now lower than before, since tangible savings proved once more to be less risky in an unstable macro-economic environment. Also, the subsequent figures should be taken as tendencies rather than fixed outcome.

Table 3: Total Utility Levels of two FSPs, (A) & (B), by Gender

FSP Concept (A)			FSP Concept (B)		
Attribute Levels	Average Utility Value		Attribute Levels	Average Utility Value	
	Women	Men		Women	Men
12% Annual savings interest	0.90229	0.91878	6 % Annual savings interest	0.35210	0.36833
Only production loans	-0.03125	0.07639	Only production loans	-0.03125	0.07639
Joint group responsibility	0.32622	0.14205	Savings = collateral	-0.04884	0.10025
No government involvement	0.29201	0.20606	No government involvement	0.29201	0.20606
Total Utility	1.48927	1.34328	Total Utility	0.56402	0.75103
Exp (Total Utility)	4.43386	3.83159	Exp (Total Utility)	1.75772	2.11918

Nevertheless, predicting the demand patterns of genders, especially women, may provide clues for the development of more effective and target group oriented FIB. In the ensuing section two FSPs, (A) and (B), that follow the orthogonal main effects design are compared and evaluated along gender (Table 3). When applying other socio-economic scenarios to the evaluation of FSPs, concept (A) has consistently attracted the largest client shares (Schrieder 1996). Concept (B) distinguishes itself from concept (A) in that it offers only a reduced savings interest and requires clients' proper and prior accumulated savings to secure their individual loans. These two attribute levels have received rather low average utilities in the multinomial logit estimation. Also, while women do not appreciate financial programs that offer exclusively production loans, it is the opposite with men.

Although men would prefer JGR to secure their individual loans, they also appreciate the savings collateral scheme, in contrast to the women. Table 4 indicates that due to this different perception of the attributes' utility, about 7 % more men than women would choose concept (B), given the choice between the two concepts (A) and (B). It suggests that women are more attracted by JGR schemes. This can be assigned to several reasons. First, Cameroonian women have often had prior experience with JGR. Second, women may prefer JGR to the savings collateral scheme due to their more restricted cash reserves. Tying up financial savings by having them blocked due to indebtedness may be perceived as too risky in an environment where precautionary liquid savings function as a risk buffer for income shocks. Finally, women may have the perception of not being capable to accumulate sufficient savings to reach their anticipated credit-line. JGR can circumvent this risk. Given the choice between FSP (A) and (B), Table 4 shows that almost 72 % of the women and 65 % of the men would choose FSP (A). These empirical findings imply clearly that FIB has to account for gender differences in its financial marketing strategies.

Table 4: Simulation of the Relative Attractiveness of two FSPs, (A) & (B) in Terms of % Proportion of Respondents to Choose Either Concept, by Gender

	Women		Men	
	Exp (Total Utility)	Sample Percentage	Exp (Total Utility)	Sample Percentage
FSP Concept (A)	4.43386	71.6	3.83159	64.4
FSP Concept (B)	1.75772	28.4	2.11918	35.6

5. Discussion

This paper addresses issues of demand analysis and customized marketing, pertinent in improving access and participation of the poor in financial intermediation. This focus is particularly relevant to the efficient and effective design of FIB (Schrieder 1996). There is strong evidence that FIB that allows the poor to participate has positive welfare implications (Zeller et al. 1997). Synergy effects can be attained by complementing the demand and marketing research with the theoretical concepts of information asymmetry and transaction costs inherent in the NIE. Below, the results of the CA and aspects of the NIE are linked.

5.1 Economics of Institution Building

There exist no perfect or stagnant organizations and institutions (North 1990, Richter and Furubotn 1996), this is also true for the financial market in developing countries. CA can contribute to improving the information symmetry and reducing the transaction costs in FIB, although not at zero costs. Nevertheless, there exists a relatively unanimous view today that initial public and/or private transfers are acceptable to foster FIB because of the expected welfare effects. Investments in FIB, however, should be sound. This requires that the

- social acceptance of the target group is reached through adaptation of the offered services to its preferences while maintaining compatibility to the informal societal rules in a participatory process;
- access of the poorer population groups is improved (e.g. by learning and cooperating with the informal sector);
- information asymmetries of the market participants are reduced (e.g., by customized marketing and market information systems);
- risk costs of the market participants are lowered through better contracts (e.g., joint group liability for loans instead of individual liability combined with insecure collateral);
- and it requires that the economic welfare can be raised through a reduction of the transaction costs in the financial market.

5.2 Marketing

Four basic aspects are important for effective marketing and thus sound FIB. These are (1) building client trust, (2) visibility of staff, (3) credibility of staff, and (4) communication between client and staff. Service promotion, particularly in the early phase of FIB, ought to be accompanied by client education. Cultural and gender sensitivity is a key parameter in service promotion and client education because financial market development may mean working against tradition (Schrieder 1996). Succeeding in these aspects is crucial for innovative FIB since it has a long-term effect on its sustainability. CA contributes particularly to the aspects (1) building client trust and (4) better communication because it is a participatory marketing instrument.

Marketing will not be effective if the service characteristics do not raise socio-economic utility. The theory of consumer behavior summarizes these characteristics as (1) relative advantage, (2) compatibility, and (3) observability and communicability of a financial service (Engel et al. 1993). CA assists in harmonizing these characteristics with true client preferences. Potentially successful FIB ought to demonstrate a relative advantage as compared to already existing local financial services. This can be a higher financial remuneration of deposits or a credit-line that is more flexible in use or size. Both features appeal to a strongly felt need of the rural population, regardless of gender as indicated in the above CA. At the same time, a newly introduced service should be somewhat consistent with existing values and past experiences of potential clients (refers to compatibility). This could be achieved by including service features that are known from the informal financial sector, e.g., JGR. The CA demonstrated that compatibility is particularly important for the integration of the female market segment. It may be pointed out that compatibility gains even more relevance in a Muslim society. Finally, observability and communicability reflect the degree to which the result of using a new service is visible to friends and neighbors. It influences the broad acceptance of new services. Therefore, a FIB should aim at enhancing the visibility of its services and activities. Apart from CA, this can be done by inducing personalities with a good reputation, e.g. traditional authorities, to use the marketed services.

Finally, the commercial banking in developing countries still target primarily the well-off population. These are the expatriates and exporters of cash-crops. This paper presents an instrument to reduce inefficiencies in targeting the down-market, namely the poor. In the past, successful marketers targeting the down-market in developed countries made a mark by convincing the poor clients that they are smart and

special. In this respect, it is also important to treat the clients in developing countries "with respect and good service, even though they may have less money than other market segments" (Engel et al. 1993, 244).

6. Conclusion

Rural FIB in a food insecure environment should be based on a profound understanding of the economic and cultural reality of the target clientele. The amateur marketing of financial services ought to be replaced by an effective strategy based on rigorous client analysis rather than on rhetoric and advocacy. This must be seen in the context of existing empirical evidence that access to financial services can improve food security and income at the micro level. The new development finance philosophy acknowledges that customized marketing is essential. Thus, operational, financial and social sustainability of FIB is improved.

References

- Adams, D. W., Graham, D., and Von Pischke, J. D., eds., 1984. *Undermining rural development with cheap credit*. Boulder: Westview Press.
- Addelman, S., 1962. Orthogonal main-effect plans for asymmetrical factorial experiments. *Technometrics* 4 (1): 21-46.
- Bechtel, H. Ph. K., and Zander, R., 1994. Providing financial services to the rural poor; IFAD's experience, challenges and evolving approaches. Technical issues in rural poverty alleviation, Staff Working Paper No. 16. Rome: International Fund for Agricultural Development (IFAD), Technical Advisory Division.
- Bouman, F. J. A., 1977. "Indigenous savings and credit societies in the Third World - Any message". *Savings and development* 1 (4): 181-218.
- Bouman, F. J. A., 1990. "Informal rural finance. An Aladdin's lamp of information". *Sociologia ruralis* 30 (2): 155-173.
- Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), 1994. *Sektorkonzept Finanzsystementwicklung. Förderung von Sparen und Kredit*. Bonn: BMZ.
- Burkett, P., 1988. *Informal finance in developing countries: Lessons for the development of formal financial intermediaries*. Coral Gables: University of Miami.
- Desai, B. M., and Mellor, J. W., 1993. *Institutional finance for agricultural development. An analytical survey of critical issues*. Food Policy Review 1. Washington, D.C.: International Food Policy Research Institute (IFPRI).
- Engel, J. F., Blackwell, R. D., Miniard P. W., 1993. *Consumer behavior*. Seventh Edition. Fort Worth: The Dryden Press.
- Green, P. E., and Srinivasan, V., 1978. "Conjoint analysis in consumer research: Issues and outlook". *Journal of consumer research* 5 (September): 103-123.
- Green, P. E., and Srinivasan, V., 1990. "Conjoint analysis in marketing: New developments with implications for research and practice". *Journal of marketing* 54 (October): 3-19.
- Heidhues, F., and Weinschenck, G., 1990. Cameroon. In *Rural finance profiles in African countries*, Vol. 2, ed. M. Masini, 65-206. Milano: Finafrika-Capriolo.
- Hoff, K., Braverman, A., and Stiglitz, J. E., 1993. Introduction. In *The economics of rural organization. Theory, practice, and policy*. 1-29, eds. Hoff, K., Braverman, A., and J. E. Stiglitz. New York, NY: Oxford University Press, A World Bank Book.
- Male, C., 1993. Women's issues related to microenterprises and the informal sector. In *New directions in donor assistance to microenterprises*, 35-42. Paris: Organisation for Economic Co-Operation and Development (OECD).
- Moore, W. L., 1980. Levels of aggregation in conjoint analysis: An empirical comparison". *Journal of marketing research* 17 (November): 516-523.
- North, D. C., 1990. *Institutions, institutional change and performance*. Cambridge: Cambridge University Press.
- Richter, R., and Furubotn, E. G., 1996. *Neue Institutionenökonomik*. Tübingen: Mohr - Siebeck.
- Schrieder, G., 1996. *The role of rural finance for food security of the poor in Cameroon*. Development economics and policy, vol. 6, ed. F. Heidhues. Frankfurt: Peter Lang Verlag.
-

Schrieder, G., and Heidhues, F., 1995. Reaching the Poor through Financial Innovations. *Quarterly Journal of International Agriculture* 34 (2): 132-148.

World Bank, 1989. *World development report 1989: Financial systems and development*. New York, NY: Oxford University Press.

Zeller, M., 1995. The demand for financial services by rural household - Conceptual framework and empirical findings. *Quarterly Journal of International Agriculture* 34 (2): 149-170.

Zeller, M., Schrieder, G., Braun, J. von, and Heidhues, F., 1997. *Rural finance for food security of the poor: Concept, review, and implications for research and policy*. Food Policy Review 4. Washington, D.C.: International Food Policy Research Institute (IFPRI).

Abstract

Research on rural finance has devoted little attention to household's preferences regarding financial services. Yet, part of the success of financial institution building depends on the potential clients' acceptance of the services offered.

Cameroon's financial market shows the dualistic structure of an informal and formal sector, typical for most developing countries. Research on informal financial markets revealed that particular traits exist that distinguish them from their formal counterparts. From the 1980s onwards, rural financial institution building started to adopt instruments of informal financial intermediaries to strengthen their performance. Despite this, many programs failed.

This paper argues that the adoption of financial instruments in the informal market ought to be complemented by a forward analysis of households' requirement profiles for financial services. Conjoint analysis provides a powerful method to

- (1) predict client preferences and demand for financial service profiles; and to*
- (2) involve the target group already in the pre-marketing phase of the financial institution building process.*

This paper concisely presents econometric results of an innovative Conjoint analysis application in the context of a preference analysis in a developing rural economy. The analysis is based on 356 interviews conducted in 1992 in seven villages of Cameroon. It quantitatively identifies the demand for specific financial service profiles and formulates policies oriented towards rural financial market development. Particular stress is laid on demand aspects in financial intermediation that relate to food security, thus, emphasizing rural women's demand structure. Also, concepts from the New Institution Economics are integrated in the discussion to interpret the findings of the empirical demand analysis.

PAUVRETÉ, DÉVELOPPEMENT DU SYSTÈME FINANCIER RURAL ET QUESTIONS DE GENRE DANS L'ANALYSE DE LA DEMANDE DANS LES PROVINCES NORD-OUEST ET OUEST DU CAMEROUN

Resume

Les recherches dans le domaine du développement des marchés financiers ruraux ont accordé peu d'attention à l'identification et à l'analyse des besoins et préférences en services financiers de la clientèle rurale. Cette négligence est préjudiciable à la fois à la clientèle rurale et au développement des marchés financiers ruraux.

Le marché financier camerounais présente une structure duale, constituée d'un secteur formel et d'un secteur informel. Cette structure est caractéristique de la plupart des pays en voie de développement. Les recherches sur le secteur informel ont révélé qu'il présente des caractéristiques qui le distinguent du secteur formel. Depuis les années 1980, la prise en compte des instruments financiers du secteur informel a contribué à améliorer la performance des intermédiaires financiers du secteur formel rural. Cependant, cette évolution n'a pas permis d'éliminer toutes les insuffisances liées à l'offre de service financière.

Cette contribution propose et utilise la méthode d'Analyse Conjointe pour identifier et analyser avec plus d'efficacité les préférences de la clientèle rurale en services financiers. L'analyse conjointe est souvent utilisée pour estimer les préférences des consommateurs pour des produits et services.

La méthode est ici utilisée pour évaluer les préférences d'une couche de population à faible revenus, qui auparavant n'avait pas accès aux services financiers du secteur formel. L'analyse est basée sur une enquête menée en 1992 sur un échantillon de 356 individus au Cameroun. Elle identifie quantitativement la demande de services financiers spécifiques et propose des politiques pour leur amélioration. L'accent est mis sur les aspects d'intermédiation financière liés à la sécurité alimentaire. Par conséquent, la structure de demande financière des femmes est analysée en détail. En outre, des éléments de la Nouvelle Théorie Economique des Institutions sont considérés dans l'interprétation de résultats empiriques.