

IVORY COAST

The Republic of the Ivory Coast lies on the Gulf of Guinea, in West Africa. Area: 319,822 km². Population (June 1968 estimate): 4,100,000. Formerly a French colony, it became independent on 7 August 1960. With 75 per cent of the country covered by rain forest, the Ivory Coast is a major exporter of tropical hardwoods and other tropical products.

THE BANKING SYSTEM

The Ivory Coast is one of the seven African countries which belong to the West African Monetary Union and have a joint Central Bank¹; the other six members are Dahomey, Mauritania, Niger, Senegal, Togo and Upper Volta.

Its banking law, Law No. 65/252 of 4 August 1965, is in line with those of the Union's other members.

There are more banks in the Ivory Coast than in any other country of French-speaking Africa, seeing that the banking system comprises, in addition to the Central Bank, four commercial banks, four development banks and three financial institutes. At the apex we find, as elsewhere in the Union, the *Banque Centrale des Etats de l'Afrique de l'Ouest*, flanked by the National Monetary

¹ See under the heading NIGER.

Commission and the National Credit Council. The latter consists of the Ministers in charge of economic and financial government departments, of representatives of public agencies and of spokesmen of various economic sectors. The Council shares with the Central Bank responsibility for decisions on local currency matters and credit distribution.

Responsibility for bank organization, law enforcement and banking regulations rests with the Banking and Finance Control Commission, which has five members: the chief accountant and head of the Treasury, the head of the Abidjan branch of the Central Bank, the head of the economic affairs department, a member of the State Audit Board and a representative of the National Monetary Commission.

THE COMMERCIAL BANKS

The *Banque Internationale pour l'Afrique Occidentale* is the only private bank incorporated under French law (for details see under the heading NIGER). In the Ivory Coast it has eight permanent branches, of which five are in the capital, and two non-permanent ones.

The other three commercial banks are joint stock companies under Ivory Coast law. All of them were founded by French banks since nationalized.

The *Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire*, with its four permanent and eight non-permanent branches, belongs to the group headed by the *Banque Nationale de Paris*, which holds 39 per cent of the capital of 300 million CFA francs, and indirectly owns another 51 per cent through the *Société Financière pour les Pays d'Outremer*, a Swiss company whose shareholders include also the Bank of America, the Belgian

Banque Lambert and the German *Commerzbank*. The remaining 10 per cent of the capital are in the hands of the *Société Nationale de Financement* (SO.NA.FI), a state-owned company in the Ivory Coast, of which more below.

The *Société Générale de Banques en Côte d'Ivoire* in 1962 took over the local network of the *Société Générale*, which still has a 51 per cent stake in the bank's capital of 875 million CFA francs. The remainder of the capital is owned by SO.NA.FI and various foreign banking groups, including the *Banca Nazionale del Lavoro* with a 10 per cent holding. The *Société Générale* has a dense network consisting of seven permanent and eight non-permanent branches, not to speak of three new ones opened quite recently.

Lastly, the *Société Ivoirienne de Banque* is connected with the *Crédit Lyonnais*, which, unlike the other French parent banks, owns only 42 per cent of the capital of 625 CFA francs. Another 16 per cent each are in the hands of the *Deutsche Bank*, the *Banca Commerciale Italiana* and the Morgan Guaranty International Banking Corporation; the remaining 10 per cent are owned by SO.NA.FI. This bank has ten permanent branches (of which four in the capital) and three non-permanent ones.

THE DEVELOPMENT BANKS

While the four commercial banks handle all types of ordinary private bank credit, the four development banks listed below specialize on particular sectors and go in mostly for medium- and long-term credit operations.

The *Banque Ivoirienne de Développement Industriel* was established in 1965 with a capital of 700 million CFA francs. Unlike similar banks in several other countries of French-speaking Africa,

it is not the converted successor of a French "social credit" bank, but was set up independently for specifically defined purposes. From the outset, the bank was able to concentrate on major industrialization projects and thus to discharge in full its function of "promoting the development of private industry in the Ivory Coast".

There are two groups of shareholders, public and private. The former include the state (21.1 per cent), the *Caisse Centrale de Coopération Economique* (10.7 per cent), the Central Bank (5.7 per cent) and the International Finance Corporation, an offshoot of the International Bank for Reconstruction and Development (7.1 per cent). The list of private shareholders includes several of the big names in international finance, as well as local commercial banks; holdings vary between 1 and 9 per cent.

Although the *Banque Ivoirienne* is meant to finance industrial projects, these are not strictly defined, and the bank can thus extend credit also to growers of industrial crops and processing firms. It does not, however, lend to traders and builders.

The *Banque Nationale de Développement Agricole* can be said to do for agriculture what the *Banque Ivoirienne* does for industry. Like the latter it has a capital of 700 million CFA francs, but only four shareholders, all public: the Republic of the Ivory Coast (66.7 per cent), the Stabilization and Price Support Board for Agricultural Produce (16.7 per cent), the Central Bank (8.3 per cent) and the *Caisse Centrale de Coopération Economique* (8.3 per cent). It has replaced, and expanded the activities of, the former *Caisse Nationale de Crédit Agricole*, and, like the *Banque Ivoirienne*, has no branch network but only its premises in the capital.

The *Crédit de la Côte d'Ivoire* was founded in 1955 as one of the traditional "social credit" institutes of colonial days. Now it is a national company, with the state owning 75 per cent of the

capital of 800 million CFA francs; of the rest, 16.6 per cent are in the hands of the *Caisse Centrale de Coopération Economique* and 8.4 per cent in those of the Central Bank. It finances building, for the most part by long-term loans, and it raises its funds on bond issues or through time deposit accounts.

The fourth in the category of development banks in the *Caisse Autonome d'Amortissement*, a public corporation in charge of servicing the public debt with the financial resources put at its disposal (a government appropriation of 1,000 million CFA francs) and of handling the cash transactions of a number of public bodies. The policy is to keep the public debt down to constant proportion (of less than 9 per cent) of the gross national product, and thanks to it the Ivory Coast has easy access to international sources of finance — so much so that in May 1968 it issued a Eurodollar loan, an operation without precedent anywhere else in Africa.

THE FINANCIAL INSTITUTES

The *Société Africaine de Crédit Automobile* is a joint stock company incorporated under Ivory Coast law, and connected with the Renault group. Like similar companies in other countries of French-speaking Africa, it finances hire-purchase sales of motor vehicles of all types. In common with the other financial institutes of the Ivory Coast, the company is subject to the rule that its capital must cover 10 per cent of outstanding risks, and in any event must never fall below 60 million CFA francs. The company was originally set up at Dakar, in 1956, but two years later transferred its head office to Abidjan. Of its capital of 225 million CFA francs, *Renault-Afrique* owns 38.9 per cent; minority share-

holders include licensed representatives of car manufacturers, as well as other private French companies.

The *Société Ivoirienne de Financement*, in its turn, specializes on financing credit in connection with the sale of construction materials and with actual construction for public works and industrial projects. It was set up on 16 February 1965 as a joint stock company incorporated under Ivory Coast law. Its capital of 90 million CFA francs is split up among many private shareholders, with the biggest holdings in the hands of *Manutention Africaine* (22.17 per cent), *Compagnie Française de l'Afrique Occidentale* (15.48 per cent) and *Compagnie Française de la Côte d'Ivoire* (12.45 per cent).

Unlike the two companies mentioned above, the *Société Nationale de Financement* is a state-owned company which provides venture capital for firms judged to be of public interest. Thus SO.NA.FI. has a stake in the three commercial banks linked with nationalized French banks. The company was set up on 4 March 1963 with a capital of 300 million CFA francs, and it raises what other funds it needs by means of bond issues — thus helping, together with a few foreign companies, to broaden the Ivory Coast capital market. Companies operating in the Ivory Coast are required to invest part of their profits in bonds issued by the *Fonds National d'Investissement*, and these in turn may be used for local investment or for subscriptions to the loan issues of the *Société Nationale de Financement*.

In conclusion, it should be mentioned that there exists in the Ivory Coast a credit guarantee fund, which helps small and medium-sized firms to gain easier access to bank credit.