

SENEGAL

Senegal lies in West Africa with a coast on the Atlantic. Area: 196,192 km². Population (June 1969): 3,780,000. Formerly a French colony and united with Mali in the Mali Federation, it became independent on 11 September 1960. The economy is based on agriculture (groundnuts and cotton) and animal husbandry.

THE BANKING SYSTEM

Senegal 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, the Ivory Coast, Mauritania, Niger, Togo and Upper Volta.

The banking law, Law No. 64-49 of 1 July 1964, is in line with those of the Union's other members.

At the apex of the banking system, the *Banque Centrale des Etats de l'Afrique de l'Ouest* and the National Monetary Commission are together responsible for the country's credit policy. Responsibility for bank organization, law enforcement and banking regulations rests with the Banking and Finance Supervisory Commission, which consists of a Supreme Court judge, the head of the Dakar office of the Central Bank and the head of the department in charge of banking and credit problems.

¹ See under the heading NIGER.

For the rest, the banking system is made up of four commercial banks, one development bank and one financial institute.

Senegal is a country with a long banking tradition, which is today reflected in the density of the branch network and in the volume of credit.

The *Banque Internationale pour l'Afrique Occidentale* is the only private bank incorporated under French law (for details see under the heading NIGER). It has four branches in Senegal, of which two are in Dakar and one each at Kaolac and Ziguinchor.

The three other commercial banks, though affiliated with nationalized French banks, are incorporated under Senegalese law and part of their capital is in the hands of other domestic and foreign shareholders.

The *Banque Internationale pour le Commerce et l'Industrie du Sénégal* is the successor of the *Banque Nationale de Paris*, which began operating in Senegal in 1939 under its former name *Banque Nationale pour le Commerce et l'Industrie* and subsequently spread out from Dakar to other countries in French-speaking Africa.

In 1961 the *Banque Nationale de Paris*, together with other banks, set up a company at Geneva called *Société Financière pour les Pays d'Outremer*, and this now holds 51 per cent of the *Banque Internationale's* capital of 500 million CFA francs. The rest is split up between the *Banque Nationale de Paris* (41.03 per cent) and a number of private shareholders in Senegal (7.97 per cent). The *Banque Internationale* has six permanent branches in Senegal and three non-permanent ones.

The *Société Générale de Banques au Sénégal*, which has three branches, took over on 3 December 1962 from the *Société Générale*, which still has a majority holding (51 per cent) of the capital of 500 million CFA francs. As in other countries of French-speaking Africa, this now nationalized French bank ceded

minority holdings of between 3 and 10 per cent to a great many other shareholders of Senegalese, American, Italian, Swiss, French and German nationality.

A similar pattern was followed by the *Crédit Lyonnais* for its successor, the *Union Sénégalaise de Banque pour le Commerce et l'Industrie*. This is a Senegalese joint stock company set up in 1961 with a capital of 690 million CFA francs, of which the *Crédit Lyonnais* retained 42.7 per cent and ceded 22.6 per cent to the state and 21.8 per cent to the Senegal Development Bank; in addition to these public shareholders, private groups of German, American and Italian nationality hold 4.3 per cent each of the capital. The *Union Sénégalaise* has three permanent branches in Senegal, all in the capital, and two non-permanent ones.

The four commercial banks listed above are all of comparable size in terms of their balance sheet totals. At the close of accounts for 1968, these were as follows (in million CFA francs):

| | |
|-------------------------------------------------------------------------|-------|
| <i>Banque Internationale pour l'Afrique Occidentale</i> | 4,800 |
| <i>Banque Internationale pour le Commerce et l'Industrie du Sénégal</i> | 5,700 |
| <i>Société Générale de Banques au Sénégal</i> | 4,900 |
| <i>Union Sénégalaise de Banque pour le Commerce et l'Industrie</i> | 5,700 |

In all cases, the bill portfolio and short-term credits were major items in the composition of total assets.

The turnover figures of the Development Bank, on the other hand, are twice as large as those of any one of the commercial banks (its balance sheet total at the same date exceeded 10,000 million CFA francs). It is a Senegalese joint stock company, which took over on 1 July 1964 from two other Senegalese credit institutes, one a development and one a people's credit bank. It has seven permanent branches.

The bank's conspicuously large capital of 1,360 million CFA francs is divided among the Republic of Senegal (55.8 per cent), the *Caisse Centrale de Coopération Economique* (27.6 per cent), the Central Bank (7.4 per cent) and a number of other minority shareholders (together 9.2 per cent). The balance sheet on 30 September 1968 included the following significant items on the assets side (in million CFA francs):

| | |
|---------------------|-------|
| Long-term loans | 2,000 |
| Equity holdings | 600 |
| Short-term credits | 2,400 |
| Medium-term credits | 1,900 |

As these figures show, the Development Bank extends loans and credits of varying duration and also provides venture capital for domestic companies. Senegal is exceptional in preferring—at least at its present stage of development—to have a development bank with a wide range of functions, rather than one limited to the industrial field, as is the case in other countries where functions are split up between a development bank, an agricultural credit fund and a “social credit” institute.

In addition to lending to the government and public agencies and actively continuing the social credit activities of one of its predecessors, the Development Bank gives full support to farmers with working capital credits (for the purchase of current farm inputs), consumer credits (for subsistence foods during the “hungry season” prior to the new harvest) and marketing credits (for helping in the ultimate sale of groundnuts and other Senegalese food crops).

Senegal's agricultural credit system is a typical example of the transition from the traditional system of French-speaking Africa, which rests on the principle of mutual credit societies at village level, to a mixed co-operative system concerned both with

credit distribution and with marketing. The Development Bank extends credits to the co-operative societies (which as a rule have between 200 and 500 members from various villages); according to the purpose of these credits, they are for the short or the medium term. Repayment is guaranteed in the first instance by the co-operative society concerned; it is furthermore secured on marketing profits, and, ultimately, guaranteed by the *Fonds Mutualiste de Développement Rural*, whose resources are provided in part by the Treasury, in part by the membership capital of the co-operative, and in part by foreign aid. This Fund not only guarantees credits granted by co-operatives, but also acts as direct lender for specific agricultural improvement projects.

The only financial institute of Senegal, the *Société Générale de Crédit Automobile*, is a joint stock company under Senegalese law and finances hire-purchase sales of motor vehicles, like similar companies of the Renault group in other countries of the West African Monetary Union. It was incorporated in November 1961 with a capital of 100 million CFA francs. The shares are owned by a very large number of private shareholders, headed by licensed car dealers.

Senegal finally has a Post Office Savings Fund, which has no independent legal status of its own but is run by the Ministry of Posts and Telecommunications.

