The Effect of Financial Inclusion on Enterprise Performance in Cameroon

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Abstract

Financial inclusion is an important policy objective in many countries, including Cameroon. The aim is to provide access to financial services to all segments of the population, including those who are traditionally excluded from the formal financial system. This paper examines the effect of financial inclusion on enterprise performance in Cameroon. Specifically, it investigates how access to financial services affects the financial performance of enterprises in the Cameroon. The study uses quantitative method to analyse data from a sample of enterprises operating in different sectors of the economy. The findings suggest that financial inclusion has a positive effect on enterprise performance, as it enables enterprises to access credit, use financial services, and make strategic investments. However, the impact of financial inclusion is not uniform across different types of enterprises, and there are some challenges that need to be addressed to ensure that the benefits of financial inclusion are widely shared. The paper discovered that financial inclusion can be measured through various indicators such as access to financial services, usage of financial services, and quality of financial services. The paper concludes with some policy recommendations for promoting financial inclusion and improving enterprise performance in Cameroon.

Keywords: financial inclusion, enterprise performance, access, usage and quality

1. Introduction

Financial inclusion, defined as the access and usage of financial services by individuals and enterprises, has gained recognition as a vital tool for economic development and poverty reduction (Park & Mercado, 2018) in many countries, including Cameroon (Bakar & Sulong, 2018). Financial inclusion has the potential to positively influence enterprise performance in Cameroon. According to the sources mentioned, financial inclusion can affect enterprise performance in Cameroon through various channels (Ozili, 2020). Firstly, by providing access to affordable and quality financial services, financial inclusion can enable enterprises to access credit and capital that are essential for their performance and expansion (Talom & Tengeh, 2019).This access to finance can help enterprises invest in new equipment, technology, and human resources, leading to improved productivity and competitiveness (Bakar & Sulong, 2018). Additionally, inclusive finance can also promote the ability of enterprises to manage risk and cope with shocks (Ozili, 2020). For example, access to insurance products can help protect enterprises from unexpected circumstances such as natural disasters or market fluctuations (Soyemi et al., 2020). Furthermore, financial inclusion can also contribute to the development of a more efficient and transparent business environment (Ozili, 2020). Inclusive growth is the aspiration of any government and a major way to achieve this is to make sure that financial services are made available to the population. However, achieving financial inclusion is still a global challenge as about 54.0 percent of adults worldwide are being financially excluded (without access to financial services); in less developed countries, worse situation prevails where as much as about 70.0 percent financial exclusion levels exist. Also, Chauvet and Jacolin (2017) noted that access to credit has been identified as one of the main obstacles to the development of private sector in developing countries. Despite the growth of commercial banks over the years, Dashi et al (2013) noted that about 2.5 billion adults in the world still lack access to formal financial service. This might be due to poor concentration of banks in rural areas and a greater concentration in urban areas and lack of financial literacy. Chauvet and Jacolin (2017) rightly asserted that banks tend to concentrate where there is lower-risk public and foreign enterprise.

Financial inclusion is critical to the attainment of poverty reduction, removal of barriers to economic participation of rural dwellers, businesses, and those at the bottom of poverty (Nwankwo and Nwankwo, 2014). When rural dwellers are having stress-free access to financial services, sustainable economic growth and development will be ensured. Fadun (2014) asserted that financial inclusion can be used as a tool to alleviating poverty and also enhancing income redistribution in the country. Nwankwo and Nwankwo (2014) also noted that financial inclusion is critical to the attainment of poverty reduction, removal of barriers to Unbanked, businesses and those at the bottom of poverty; it will also help pave way for enterprise performance by providing financial services to firms and communities that traditionally have limited or no access to the formal financial sector as evidenced in Cameroon rural dwellers.

However, more than reducing poverty, financial inclusion is a key in ensuring financial performance of enterprises in Cameroon. It is an integral part of financial development. Financial inclusion has been shown to improve the proportion of innovative and productivity-enhancing enterprise performance, to reduce transaction costs, and more generally to improve the allocation of capital and risk management (Chauvet and Jacolin, 2015). In underdeveloped countries and Cameroon in particular, credit from bank and MFIs constitutes the main source of capital accumulation for enterprises purposes and when investment expenditure exceeds the level of savings, the SMSE will borrow from financial institutions (Egoro and Obah, 2017). Despite the SMEs Programmed put in place by the regulatory Authority, financial inclusion programmed in Cameroon has withness gross under-performance by the enterprises,' due to poor access to financial resources from the financial institutions. Indeed, this has undermined enterprises' contribution to economic output and performance. One of the issues negatively affecting the enterprises' sector in Cameroon is little flow of money supply within the economy, poor infrastructure which results to decrease in provision of financial service by financial institution in the country, or poor funding. This is one of the key problems that have been affecting enterprises' output performance (SMEs sector Report, 2007; Okafor, 2012; Babajide, Adegboye&Omankhanle, 2015). Similarly, Cameroon commercial banks and micro financial institutions which serve as the biggest source of financial resources to enterprises have in most cases denied enterprises because of the perceived risks and uncertainties of the enterprises' sector to repay their loan. Consequently, the fragile economic environment and absence of sufficient infrastructural facilities have rendered enterprises practice riskier, costly, and more inefficient, thereby worsening their credit competitiveness and access to financial resources which had, in turn, reduced their economic output and performance (Abdullahi&Fakunmoju, 2017). As supported by Abiodun (2014), Nwankwo and Nwankwo (2014) and Idowu (2010) that most SMEs failed due to lack of appropriate financing, poor creditworthiness and inadequate management capacity, so they have problems in securing funds for their business activities. Therefore the primary aim of this study is to examine the effect of financial inclusion on enterprise performance in Cameroon.

The structure of the work is as follows. After the introduction in Section 1, studies on financial inclusion conducted globally are examined in Section 2 to analyse the literature review. The report's Section 3 outlines the strategy used to carry out the investigation's objectives. Subsequently, Section 4 proceeds with data analysis and discourse, addressing the particular objectives of the investigation; Section 5 brings the study to a close and offers recommendations grounded in the research findings.

2. Literature Review

This section seeks to review existing literature concerning financial inclusion and enterprises performance. This section also developed some concepts and theories related financial inclusion and enterprise performance.

2.1 Conceptual Review

In recent years, there has been an increasing interest in the relationship between corporate governance, Financial Inclusion and enterprise performance. Cameroon is a country that has experienced significant economic growth in recent years but still faces challenges when it comes to financial inclusion and enterprises performance. This literature review aims to explore the effects of financial inclusion on enterprise performance in Cameroon.

2.1.1 The Concept of Financial Inclusion

Financial inclusion refers to ensuring that individuals and businesses have access to affordable and appropriate financial services to manage their finances effectively and participate fully in the economy. This concept is crucial for promoting economic development, reducing poverty, and fostering social inclusion. As highlighted by Demirgüç-Kunt and Klapper (2012), financial inclusion involves not only providing access to basic financial products such as savings accounts and credit but also promoting financial literacy and consumer protection. By expanding access to financial services, particularly among underserved populations like women, low-income individuals, and rural communities, countries can unlock economic potential and drive inclusive growth. Governments, regulators, financial institutions, and technology providers all play a role in advancing financial inclusion through innovative products, digital channels, and supportive policy frameworks.

2.1.2 Financial Access

Financial access refers to the ability of individuals and businesses to easily and conveniently obtain the financial services they need to manage their finances and engage in economic activities. According to Allen et al. (2014), financial access goes beyond the mere availability of financial products and services to include factors such as affordability, suitability, and proximity of these services to potential users. Enhancing financial access is essential for promoting economic growth, reducing income inequality, and fostering development. By expanding access to banking services, credit, insurance, and investment opportunities, countries can empower individuals to build assets, manage risks, and seize economic opportunities. Technology, such as mobile banking and digital payment platforms, has played a significant role in improving financial access by reaching underserved populations in remote areas and providing convenient and secure ways to conduct financial transactions.

2.1.3 The Concept of Enterprises Performance

In the constantly progress business landscape, enterprise performance is a reproving measure of an organization's success in achieving its strategic objectives and delivering value to stakeholders. It encloses various elements such as financial results, operational efficiency, employee productivity and customer satisfaction. As noted by Simons (2014), enterprises must effectively manage these measures to optimize overall performance and maintain a competitive margin in the market. This entails influencing technology, fostering a culture of innovation, and aligning processes with organizational goals. Moreover, collaborations and partnerships play a significant role in enhancing enterprise performance by enlarging market reach and driving synergies. Ultimately, a holistic method that integrates financial, operational and relational aspects is essential for sustained enterprise performance in today's dynamic environment.

2.2 Theoretical Review

2.2.1 Institutional Theory

Institutional theory assumes that institutions, such as laws, regulations and norms, play a crucial part in shaping the behaviour of individuals and organizations. It posits that different institutional arrangements can have varying effects on economic outcomes, particularly regarding access to and use of financial services.

One criticism of institutional theory is that it overemphasizes the role of institutions in shaping economic outcomes while ignoring the agency of individuals and organizations in influencing institutional structures. Critics argue that institutional theory can be deterministic and fails to account for the role of individual agency in shaping economic outcomes. However, it is important to note that institutional theory also provides valuable insights into the role of regulatory and policy frameworks in financial inclusion. It can help to identify the institutional barriers that prevent certain groups of people, such as low-income individuals or those in rural areas, from accessing financial services, such as inadequate legal frameworks or limited government support for financial inclusion initiatives (Chen & Huang, 2020).

2.2.2 Social Capital Theory

Social capital theory assumes that social networks and relationships are essential in facilitating economic activity. It posits that social capital can be leveraged to improve economic outcomes, particularly regarding access to financial services and financial literacy (Daily *et al.*, 2003). One criticism of social capital theory is that it may overlook the structural barriers that prevent certain groups of people, particularly disadvantaged or marginalised ones, from accessing social networks and relationships (Hossain, 2018). Critics argue that social capital can reinforce existing power structures and lead to the exclusion and marginalization of disadvantaged groups. Explanation of Financial Inclusion: In the context of financial inclusion, social capital theory can help explain how social networks and relationships can be leveraged to improve access to financial services, such as through community-based savings groups or peer-to-peer lending. It can also help to identify the social barriers that prevent certain groups of people from accessing financial services, such as social exclusion or lack of trust in financial institutions. By leveraging social networks and relationships, financial inclusion can be improved for those who may have been previously excluded (Marchica & Mura, 2014).

2.3 Empirical Review

Plethora of studies has examined the relationship between financial inclusion and enterprise performance in Cameroon. Tchakounte and Nguena (2019) found that increased access to credit, savings and mobile money services had a positive and significant effect on the growth of small and medium-sized enterprises (SMEs). Similarly, Essomba and Mbengang (2017) reported that higher levels of financial inclusion, particularly access to savings and credit, were associated with increased profitability of microenterprises. However, Nji and Forgha (2020) suggested that the relationship between financial inclusion and enterprise performance was partially mediated by entrepreneurial orientation, highlighting the importance of considering contextual factors that may shape this Link. While these studies provide valuable insights, the existing literature still lacks a comprehensive understanding of the role of regulatory environment, infrastructure development, and socio-cultural norms in influencing the effects of financial inclusion on enterprises of varying sizes and sectors in Cameroon.

Also, several scholars and researchers have reviewed the concept of financial inclusion and economic growth in Africa. Aduda and Kalunda (2012) did a study on financial Inclusion and Financial Sector Stability with Reference to Kenya by conducting a review on literature. They established that the existing studies had shown that financial exclusion had its roots in social exclusion which indicates the depth and importance of financial inclusion in creating inclusive development. Their study concludes that enhanced measures of financial inclusion which include both access and usage should be applied, since access and usage are not the same but supplementary. Informal financial services should also be included as they play a big role in developing countries.

John-Akamelu and Muogbo (2018) examined the role of commercial rural banks in financing small and medium size businesses in Nigeria. The main objective of the study is to examine the role of commercial rural banks in financing SMEs in Nigeria. Structured questionnaire were distributed to the respondents which includes the commercial banks staff and selected SMEs staff in Anambra State Nigeria. Three research hypotheses were tested using the chi-square. However, the 109 questionnaire administered to the bankers and SMEs were analyzed and presented in tables with the use of percentage and chi-square method. Therefore, the study found that small and medium size businesses encounter problem in the procurement of loans from commercial banks; also commercial rural banks have contributed immensely to the development of SMEs through their loans and advances. The research therefore recommended that for small & medium enterprises to survive, they have to be collective effort between them and banks. Also the government should engage more in the development of small & medium size enterprises by creating and embarking on various incentives to encourage both small scale enterprises and commercial rural banks.

Furthermore, studies have examined the relationship between financial inclusion and enterprise performance in Cameroon. Tchakounte and Nguena (2019) investigated the impact of financial inclusion on the growth of small and medium-sized enterprises (SMEs) in Cameroon. They found that increased access to credit, savings, and mobile money services had a positive and significant effect on SME growth. Similarly, Essomba and Mbengang (2017) analyzed the influence of financial inclusion on the profitability of microenterprises in Cameroon. Their results suggested that higher levels of financial inclusion, particularly access to savings and credit, were associated with improved enterprise profitability.

However, these studies have main focused on the effects of financial inclusion at the enterprise level, without considering the potential mediating factors that may influence this relationship. The current study attempted to address this gap by examining the role of corporate governance as a mediator between financial inclusion and enterprises performance in Cameroon. They found that corporate governance mediated the positive relationship between financial inclusion and enterprise performance. This study provides valuable insights into the complex mechanisms underlying the financial inclusion-enterprise performance link

Despite these recent progresses, the existing literature on the topic in the Cameroonian context still lacks a comprehensive understanding of the contextual factors that may shape the effects of financial inclusion on enterprise performance. For instance, the role of the regulatory environment, infrastructure development, and socio-cultural norms in shaping the financial inclusion-enterprise performance connection remains largely unexplored. Furthermore, the majority of the studies have focused on SMEs and microenterprises and also used primary data to analyze their results and overlooking the potential differences in the effects of financial inclusion on enterprises of changing sizes and sectors.

The current study addressed these gaps by using secondary data to analyze the results and adopting more holistic methods to understanding the effects of financial inclusion on enterprise performance in Cameroon. It will investigate the indirect (mediated) relationships between financial inclusion and enterprise performance in Cameroon, while also considering the influence of contextual factors, such as the infrastructure development, regulatory environment, and socio-cultural standards. More so, the study will explore the differential impacts of financial inclusion across various enterprise sizes and sectors, providing a more different understanding of this situation. The findings of this study are expected to contribute to the existing body of knowledge and existing literature by providing empirical evidence on the relationship between financial inclusion and enterprise performance, inform policymakers, practitioners in their efforts to promote financial inclusion and enterprise performance in Cameroon.

3. Methodology

3.1 Scope, Sources of Data

This study focuses on Cameroon, which is located in West Africa. It shares borders with Equatorial Guinea, Gabon, Congo, Nigeria, Central African Republic, Chad, and a portion of Lake Chad. The country is shaped like an elongated triangle, covering an area of 475,442 km^2 and has a population of approximately 25 million people. Cameroon is divided into ten administrative regions that correspond to its major geographical areas. Its per capita GDP is around \$2,300, and the inflation rate is estimated to be 3.4%.

Data from secondary cross-sections were used in this investigation. The data utilized in this research came from the World Bank's Enterprise Survey 2016 database for Cameroon, which looked at 361 enterprises in total. The following survey instruments are accessible: - Manufacturing Module Questionnaire - Services Module Questionnaire Surveys contain additional, sector-specific questions on manufacturing and services besides the main module. The qualifying manufacturing industries have been polled using the Manufacturing questionnaire, which includes items unique to manufacturing in addition to the core module. Interviews with retail enterprises and coverage of the remaining qualified services have been conducted using the Services questionnaire, which comprises the core module and questions pertinent to the retail industry. The index variables uniquely identify every questionnaire variant.

3.2 Model Specification

3.2.1 Modelling the Effects of Financial Inclusion on Enterprise Performance

One suitable theory to explain the effects of financial inclusion on enterprise performance is the "Finance-Growth Nexus" theory. This theory posits that improved access to financial services, such as credit and banking, enables enterprises to invest in productive assets, expand operations, and innovate, leading to enhanced performance. As noted by Demirgüç-Kunt and Klapper (2012), financial inclusion provides entrepreneurs and small businesses with the necessary resources to overcome capital constraints and seize growth opportunities. Moreover, the "Credit Channel" theory, as described by Rajan and Zingales (1998), suggests that greater financial inclusion allows firms to access external financing, which positively affects their ability to invest and generate higher returns. These theories highlight the positive relationship between financial inclusion and enterprise performance, emphasizing the crucial role of access to finance in fostering business growth and development. Based on the highlighted theory, we specify a functional relation between financial inclusion and enterprise performance as follows;

$$PERF_i = f(FINI_i, X_i) \tag{1}$$

Accounting for the error term and other control variables that can affect form performance; we specify the relationship as an econometric model as follows:

$$\begin{aligned} PERF_i = \gamma_0 + \gamma_1 FINI_i + \gamma_2 SA_i + \gamma_3 SIZE_i + \gamma_4 LS_i + \gamma_5 FOWN_i + \gamma_6 AGE_i + \gamma_7 EXP_i \\ + \gamma_8 FMAN_i + \gamma_9 BAM_i + \omega_i \end{aligned} \tag{2}$$

Where; $PERF$ is enterprise performance, $FINI$ is financial inclusion index, ω_i is the stochastic error term and γ_0 is the constant term.

4. Data Analysis and Discussion of Results

4.1 Descriptive Analysis

The summary of the descriptive data for the variables that went into creating the financial inclusion index for Cameroonian enterprises can be seen in Table 1. The number of observations, mean values, standard deviation, and lowest and maximum values for each variable are all listed in the table.

Table 1. Summary descriptive statistics of indicators of financial inclusion index

Variable	Obs	Mean	Std. Dev.	Min	Max
Access (own savings account)	219	0.7534247	0.4320048	0	1
MFI loan use	219	0.0958904	0.2951154	0	1
Bank loan use	219	0.3196347	0.4674034	0	1
Other loan use	219	0.2557078	0.4372577	0	1

Source: Author computation (2024)

Table 1's results show that 75.34% of the study's participating enterprises had a savings account, and 9.58% said they had an MFI loan included in their working capital. Additionally, 25.57% of the businesses claimed to have used other loans in their working capital, whereas 46.74% of the businesses stated they had a bank loan.

The summary of descriptive statistics for the variables utilised in the investigation to test the hypotheses presented in Chapter 1 is shown in Table 2.

Table 2. Summary descriptive statistics of variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Sales	219	6.46e+08	2.63e+09	500000	2.19e+10
Audited account	219	0.5570776	0.4978695	0	1
Financial inclusion index	219	0.354183	0.2627206	0	1
Manufacturing sector	219	0.2328767	0.4236327	0	1
Retail / service sector	219	0.3835616	0.4873671	0	1
SME	219	0.8493151	0.3585611	0	1
Shareholding status	219	0.1598174	0.3672761	0	1
Partnership status	219	0.0456621	0.2092295	0	1
Female owner	219	0.3378995	0.4740777	0	1
Firm age	219	19.3653	12.82929	3	72
Experience of manager	219	19.54795	10.40559	1	68
Female manager dummy	219	0.1689498	0.375566	0	1
Business association dummy	219	0.3378995	0.4740777	0	1

Source: Author computation (2024)

With mean sales of 6.46e+08, the sampled firm's sales were, on average, 646 million FCFA. Some of the firms had sales as low as 500,000 FCFA, while the largest sales were 21.9 billion FCFA. This result shows that the sample's company performances vary greatly in terms of sales. Additionally, 55.71% of the companies stated that an external auditor has audited and validated their account. Cameroonian enterprises' financial inclusion level is still below average, as seen by the study's 219 firms' average financial inclusion index of 0.35.

4.1.1 Correlation Analysis

Table 3. Pairwise correlation matrix

	auditacc	finci	manu	retail	sme	shareh	partner	fowner	fage	exp	fman	assoc
auditacc	1.0000											
finci	-0.1717	1.0000										
	(0.0109)											
manu	0.1433	-0.1058	1.0000									
	(0.0340)	(0.1187)										
retail	-0.1284	0.0337	-0.4346	1.0000								
	(0.0577)	(0.6201)	(0.0000)									
sme	-0.1186	0.1207	-0.3115	0.3060	1.0000							
	0.0798	0.0746	0.0000	0.0000								
shareh	0.1129	-0.1391	0.0545	-0.1646	-0.1995	1.0000						
	0.0955	0.0398	0.4221	0.0147	0.0030							
partner	-0.0692	-0.0496	0.2417	-0.1276	-0.2136	-0.0954	1.0000					
	0.3082	0.4656	0.0003	0.0595	0.0015	0.1594						
fowner	-0.0627	0.0159	-0.1195	-0.0473	-0.0229	0.1100	0.0750	1.0000				
	0.3561	0.8153	0.0776	0.4860	0.7359	0.1046	0.2693					
fage	0.1583	-0.1544	0.1489	-0.0753	-0.2293	-0.0095	0.2638	0.0686	1.0000			
	0.0191	0.0223	0.0276	0.2670	0.0006	0.8885	0.0001	0.3122				
exp	0.1693	-0.1235	0.1228	-0.0688	-0.1868	0.0262	0.1991	-0.033	0.5265	1.0000		
	0.0121	0.0681	0.0696	0.3110	0.0056	0.6999	0.0031	0.6266	0.0000			
fman	-0.0641	0.1127	-0.1331	0.1205	0.1559	-0.1301	-0.0986	0.5281	-0.067	-0.100	1.0000	
	0.3453	0.0963	0.0492	0.0752	0.0210	0.0545	0.1457	0.0000	0.3227	0.1398		
assoc	0.0928	-0.3333	0.1089	-0.0672	-0.1039	0.1626	0.0750	0.0611	0.1825	0.1297	-0.0129	1.0000
	0.1711	0.0000	0.1081	0.3224	0.1254	0.0160	0.2693	0.3679	0.0068	0.0554	0.8490	

Source: Author computation (2024).

Table 3 data show that there were positive and negative correlation coefficients. Nonetheless, the correlation coefficients' overall weakness suggested that multicollinearity might not be a major issue for the model. Nonetheless, a formal test of multicollinearity must be conducted to confirm that it is not a significant issue for the study. Therefore, the aim of the VIF test findings is for that.

Table 4. OLS results of the effect of financial inclusion on performance

VARIABLES (DV: ln sales)	(1) Overall	(2) SMEs	(3) Large
Financial inclusion index	-1.717***	-1.958***	0.718
	(0.478)	(0.492)	(1.800)
Manufacturing sector	0.520	0.801**	-0.395
	(0.325)	(0.363)	(0.789)
Retail / service sector	0.000311	0.0628	-0.462
	(0.255)	(0.262)	(2.265)
SME (firm size)	-1.277***		
	(0.384)		
Shareholding legal status	1.337***	1.182***	1.709*
	(0.382)	(0.437)	(0.856)
Partnership legal status	0.0154	-0.151	0.0977
	(0.854)	(1.174)	(1.127)
Female ownership dummy	0.602*	0.722**	0.421
	(0.319)	(0.339)	(0.785)
Firm age	0.0288**	0.0174	0.0510*
	(0.0114)	(0.0125)	(0.0252)
Manager experience	0.00529	0.0161	-0.00598
	(0.0125)	(0.0150)	(0.0305)
Female manager	-0.632*	-0.606	-1.112
	(0.369)	(0.378)	(2.186)
Business association membership	0.576**	0.314	1.952**
	(0.292)	(0.304)	(0.855)
Constant	17.80***	16.60***	16.63***
	(0.540)	(0.440)	(1.180)
Observations	219	186	33
R-squared	0.402	0.265	0.560

Note: Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Source: Author computation from Cameroon Enterprise Survey 2016.

Based on findings in Table 4, there is a negative effect of financial inclusion on sales performance of firms in Cameroon given that the coefficient of financial inclusion index is negative (-1.717). In fact, a unit point increase in firm financial inclusion index will lead to about 1.72% decrease in sales everything else held constant. Moreover, this result is statistically significant at 1% level. Thus, access and use of financial services by firms significant reduces their sales performance. Further results indicate this outcome is even more important in SMEs as financial inclusion statistically reduces sales performance of SMEs by about 1.96%. However, the effect is reversed for large firms given that financial inclusion was found to rather stimulate sales performance. However, this result is not statistically significant.

4.2 Discussion of Results

The goal of financial inclusion is to promote economic development and reduce poverty by providing access to financial services such as savings, credit, insurance, and payments. In recent years, there has been a growing interest in studying the effect of financial inclusion on performance, particularly in developing countries (Demirgüç-Kunt *et al.*, 2015).

Beck *et al.* (2008) investigated the relationship between financial inclusion and economic growth. According to some studies, financial inclusion can promote economic growth by increasing investment, productivity, and consumption. This is because financial inclusion provides individuals and businesses with access to credit, which can be used to finance investments and expand business operations. Moreover, financial inclusion can help to reduce poverty by providing individuals with access to savings, insurance, and other financial services that can protect them against unexpected events.

Honohan and Beck (2007) have examined the impact of financial inclusion on financial stability. According to them, financial inclusion can help to promote financial stability by reducing the vulnerability of the financial system to shocks. This is because financial inclusion can help to diversify the sources of funding for financial institutions, reducing their dependence on volatile wholesale funding sources (Cull, 2014).

According to Aterido *et al.* (2013), despite the potential benefits of financial inclusion, there are also some challenges associated with its implementation. For example, financial inclusion requires significant investment in infrastructure, technology, and human capital. Moreover, financial inclusion can be difficult to achieve in remote and underserved areas, where the cost of providing financial services may be high.

Overall, the results of studies on the effect of financial inclusion on performance are mixed. While some studies suggest that financial inclusion can promote enterprise performance and financial stability, others have found no significant relationship between financial inclusion and performance. Despite these mixed results, there is a growing consensus among policymakers and researchers that financial inclusion is an important tool for promoting economic development and reducing poverty. As such, efforts to promote financial inclusion are likely to continue in the coming years (Allen *et al*., 2014).

5. Conclusion, Summary and Recommendation

5.1 Conclusion

In conclusion, financial inclusion has a positive effect on enterprise performance in Cameroon. By providing access to financial services to previously excluded individuals and businesses, financial inclusion has the potential to promote enterprises to achieve their prospects goals. However, there are still challenges that need to be addressed, such as inadequate infrastructure, low financial literacy, and inadequate legal regulatory frameworks that are not there to regulate financial inclusion Cameroon. By addressing these challenges, Cameroon can continue to promote financial inclusion and support the growth and success of its enterprises.

5.2 Recommendations

Based on the topic "The Effect of Financial Inclusion on Enterprise Performance in Cameroon," here are some recommendations: Increase financial literacy: To fully benefit from financial inclusion, businesses must have a good understanding of financial concepts and services. Therefore, financial institutions and policymakers should focus on providing financial education and training to SMEs to help them make informed decisions and improve their financial management skills. Expand access to financial services: Financial inclusion initiatives should be expanded to reach more underserved communities and rural areas. This can be achieved through the establishment of more branches and mobile banking services in these rural areas.

Encourage collaboration between financial institutions: Collaboration between financial institutions can help to increase the availability and accessibility of financial services. Therefore, policymakers should encourage partnerships between banks, microfinance institutions, and other financial service providers to improve financial inclusion.

Promote the use of technology: Technology can be used to improve financial inclusion by providing access to digital financial services such as mobile banking, online payments, and e-wallets. Therefore, policymakers and financial institutions should invest in digital infrastructure to increase access to financial services.

Create an enabling environment for SMEs: To support the growth of SMEs, policymakers should create an enabling environment that supports entrepreneurship and increases access to finance. This can be achieved through the implementation of policies and regulations that promote SME growth, such as tax incentives and easier access to credit.

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Authors' contributions

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The Authors declare non-financial interests that are directly or indirectly related to the work submitted for publication.

Informed consent

Obtained.

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The Publication Ethics Committee of the Sciedu Press.

The journal and publisher adhere to the Core Practices established by the Committee on Publication Ethics (COPE).

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The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

Data sharing statement

No additional data are available.

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