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EFFECTS OF BANK AND NON BANK INSTITUTION CREDIT ON SMALL AND MEDIUM SIZE ENTERPRISE IN CAMEROON

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ABSTRACT

This study examined the effect of bank and non-bank institution credit on the growth of Small and medium size enterprises in Cameroon. The study made use of secondary data collected by the National Institute of Statistics in Cameroon, which is the Cameroon Enterprise Survey data, 2016. This data has a total number of 361 enterprises. The study sampled three distinct regions of Cameroon, the Center Region, Littoral and the West Region with 149, 143 and 69 enterprises respectively. The Binary Logit regression model was employed to investigate the effect of access to credit on SMEs growth. The results revealed that access to credit from banking institution decreases the likelihood of a SMEs growth by 0.0020 units while the access to credit from non-banking financial institutions increase the likelihood of a SMEs growth. To make the model stronger, control variables like age of the enterprise and legal status where included in the model. The resultant count R square which is the predicting power of our model stood at 76%, meaning the model was a good model as more than 50% of changes in the dependent variable SMEs growth (sales) are explained by the variations in the independent variables specified in the model. From the results, the policy recommendation is that the Banking institutions should readjust their lending system to be more friendly to SMEs in Cameroon while encouraging the SMEs to focus on getting more loans from the NBFIs suppliers.

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Introduction

Present day creativity, innovation and inventions are inevitable aspects in both developing and developed countries because they turn not only to induce economic growth/development through

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enhancing and strengthening entrepreneurial spirit but could foster economic stability. These processes that are creativity or invention, innovation, form an integral part of a good entrepreneur. Entrepreneurship is an economic driving force like no other in the world as its influence is felt at all level of the economy be it the primary, tertiary or industrial sector or the public and private sector. The result of entrepreneurship is the creation of business or enterprises which are diverse with each having unique features or characteristics. It is acknowledged that Entrepreneurship is the driving spirit of any economy as its existence accounts for the greater amount of changes witness in the world economies. The resulting enterprises with such diverse traits in most economy are referred to as small and medium size enterprises (Tongeb, 2001).

Talks on businesses especially small and medium size enterprises (SMEs) have gained grounds on international and national meetings or levels. These enormous discussions are due to the tremendous stake of the SMEs on the economic development of both developed and developing countries. The World Bank and individual analysis of the importance of SMEs on the development of each nation, accounts for these talks till date. Within the global economy small and medium size enterprises account for 50% of global GDP and 60-70% of global employment hence SMEs are regarded as the vector for job creation and wealth (International trade center, 2018). Irrespective of their characteristics they are or form the backbone or engine for every economy regardless of their development level. With this in mind, a well-developed and healthy SMEs sector will lead economic growth as it contributes prominently to the economy through increases employment opportunities, increase production, innovation and increase export (Michelin, 2002). To a greater extend SMEs are praised for the impressive and dynamic role in promoting grassroots economic growth, ensuring equitable economic growth between various sectors, fields and regions. They are virtually responsible for the socio-economic transformation of any country as SMEs stand at the pivoter point on economic development and poverty reduction schemes as accounted for by its presence in all most all planning schemes or policies. In Cameroon it is the back bone of the 1984 investment code which was out to promote home investment and equal distribution of development benefits, it is also seen in the Poverty reduction strategy paper, and the emergence 2035 plan in which agricultural sector was to be reformed through the SMES existence (Cameroon Investment Promotion Agency, 2010).

However, for entrepreneurship to be viable not only a conceptualized process, there is need for adequate economic resources. This availability of resource could be expressed as a function of the financial resources of the country in question. It is noticeable that with an effective and efficient financial market the process of entrepreneurship goes beyond been a conception to a realistic entity. Development economists have long agreed that access to finance from financial institutions credit plays an essential role in the process of reducing the inequality in income distribution, enhancing the household income and employment of the poor and hard-core poor households all over the world (Abdullah, 2010).

The accessibility to better financial credit is deemed as the mother board of economic development irrespective of the source of finance it helps enhance the productive span of an economy by increasing investment (Beck et al., 2006). The establishment, expansion of financial service is also

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one of the instruments to break the vicious circle of poverty as agreed by the Cameroon poverty reduction strategy plan 2010. The provision of credit has increasingly been regarded as an important tool for raising the incomes of rural populations, hence mobilizing resources for more productive uses. Despite the enormous importance of SMEs on the economic development of economies, within the less developed world context, we notice that a lot of enterprises created meet their birth date within the first 10years, this problem is attributed to some factors like lack of access to finance, poor managerial skill, bureaucratic nature of most economies just to name a few. The accounting principles or aspects responsible for inaccessibility to credit is seen in the poor interest rate systems, information asymmetry and collateral needed for loan and Cameroon shares greatly in such problems. Given her vision 2035to emerge, providing a better financial system that will carter for the financial needs of SMEs will be of great contribution to her growth (International Finance Corporation, 2007).

2 Problem statement

Despite the numerous benefit or stake of SMEs sector on the economy of Cameroon the sector still suffers from a Significance number of constraints. These constraints account for the small GDP contribution of 31% while employing more than 61% of the working population (National institute of Statistic report, 2009, 2011). The average life span of SMEs in Cameroon does not exceed 10years meaning a greater number of SMEs do not see their 10th birth year. The same report also explains that about 37.6% of SMEs in Cameroon suffer from inaccessibility to credit (NIS, 2011). Not with standing doing business report by the world Bank in 2008 shows that a great percentage of SMEs suffer from inaccessibility to credit as on global ranking on the ease to which SMEs access credit felt 14 places behind that is from 117th to 131st from 2005 to 2008. The same report also shows that the ease of doing business in Cameroon felt 17 place behind from 147th to 164th (World Bank, 2008).
The world Bank doing business report still explain interns of ease to access credit by SMEs the economy fell 10 places behind on a classification of 190 economies from 148th to 158th between 2014-2015. Accompany this position swift the ease of doing business ranking by the World Bank of 190 countries prove that Cameroon is ranked 166$^{th.}$ Position by the international trade center (ITC) report also shows that only 20% of SMEs business in Sub Saharan Africa have good credit line implying that 80% suffer from inaccessibility to credit due to their high levels of loan defaults (ITC, 2018). With the about claims and the great stake of SMEs sector on the economic plans of Cameroon like the emergence 2035 and the growth and poverty reduction strategy plan of 2009, it will be of great importance to know the relationship between access to finance and the growth of SMES in Cameroon.

3 Research Questions

How does bank and non-bank institutions credit affect the growth of small and medium size enterprise in Cameroon?

4 Objectives of the Study

The objective of this study is to investigate the effect of bank and non-bank institutions credit on the growth of SMEs in Cameroon.

5. Literature Review

5.1 The Concept of Small and Medium-Sized Enterprises (SMEs)

Steel and Webster (1919) and Osei et al. (1993) defined SMEs on the bases of three categories were they explained that the first category is made up of enterprise with 6-9 employees or workers which are referred to as very small enterprises, the second category is called the small enterprises which is made of enterprise which employs 10-20 workers. The third and final category according their classification is the medium size enterprise which are those that employs workers within the range of 29-50 peoples.

According to section 4, 5, 6 and 7 of law N0 2010/001 of 13 April 2010 to promote small and medium size enterprises in Cameroon, small and medium size enterprises can be defined as sub-divisions. The law defines SMEs in to three categories with the first category being the very small Enterprises (VSE). A very small enterprises or micro enterprise consist of enterprises with not more than 5 employees and an annual pre-tax turnover of not more than 15 million CFA francs**.** The second category constitute the Small Size Enterprise (SE) which are enterprises that have an employment range of 6 to 20 employees and an annual pre-tax turnover of more than 15 million CFA francs and less than 100 million francs. Lastly the third category is the medium size enterprise which is abbreviated as 'ME'. These are enterprises whose employment range is between 21-100 employees and an annual pre-tax turn of more than 100 million CFA but less than 1 billion.

Small and medium-sized enterprises (SMEs) are non-subsidiary, independent firms which employ less than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 employees. Small firms are generally those with fewer than 50 employees, while micro-enterprises have at most 10, or in some cases 5 workers.

It could be seen from the above definitions that there is no universal definition for SMEs as the definition differ from country to country depending of a number of factors such as the level of development, as well as it differs from one scholar to another depending on the variable he or she used to define the enterprises as SMEs.

5.2 Concepts of bank and non-bank institutions

Banks are the financial institutions, authorised by the government to conduct banking activity like accepting deposits, granting credit, managing withdrawals pay interest, clearing cheques and providing general utility services to the customers (Banking Regulation Act, 1949). Banks are the apex organization, which dominates the entire financial system of the country. It acts as a financial intermediary, between the depositors and borrowers that ensures smooth functioning of the economy.Banks can be public sector banks, private sector banks or foreign banks. They are responsible for making loans, creating credit, mobilisation of deposits, safe and time bound transfer of money and providing public utility services. Ownership of a commercial bank lies with the shareholder and they are operated with the profit motive.

A non-banking financial institution (NBFI) is a financial institution that does not have a full

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banking license or is not supervised by a national or international banking regulatory agency (World Bank Publications, 2002, 12.). NBFIs, without holding the status of a 'bank' offer most sorts of banking services, such as loans and credit facilities, private education funding, retirement planning, trading in money markets, underwriting stocks and shares, risk pooling, contractual savings, market brokering and general investments. These institutions also provide wealth management such as managing portfolios of stocks and shares, discounting services such as discounting of instruments and advice on merger and acquisition activities.

NBFIs supplement banks by providing the infrastructure to allocate surplus resources to individuals and companies with deficits. Additionally, NBFIs also introduces competition in the provision of financial services. While banks may offer a set of financial services as a packaged deal, NBFIs unbundle and tailor these service to meet the needs of specific clients. For most people, the bank is the first port of call when seeking out financial aid or advice. However, many people also find that the services offered by the bank don't adequately meet their requirements, leaving them at a loss for what to do next. Therefore, many people who can't find help at the bank can find it with a NBFIs.

Thus the NBFI's are mainly established to grant credit to the poor section of the society, whereas the banks are chartered by the government to receive deposits and grant credit to the public. The licensing regulations of a bank are more stringent than that of an NBFI. Moreover, a bank cannot operate any business other than the banking business, but an NBFI can operate such business.

5.3 Relationship between Small and Medium size enterprise and Financial Institutions credit

Financial services are important to small and medium scale enterprises. Access to finance is broken down the various indicators used which include access to finance from Bank, access to finance from NBFIs and access to finance from other sources while controlling for age of the firm and legal status of the enterprises. The economy of Cameroons banking sector has grown and is dominated by a diverse range of financial institutions which act as credit sources for many businesses (Josee, 2015). Financial institutions provide financing for businesses to start, sustain, or expand. There are many SME business loans designed to help SMEs start and thrive. Without banks and non-bank financial services providers, the business community will be totally dominated only by those who have the capital. Literature suggests that SMEs are particularly dependent on credit and cash flow, but they confront limits on borrowing funds because they are small and less diversified and have weaker financial structures. The ability of SMEs to develop, grow and be sustainable relies heavily on their capacity to access and manage finance. However, accessing the right type of finance at an affordable cost to start and grow the business is the fundamental financing difficulty for SMEs. The difficulty of SMEs to obtain external financing from formal financial institutions is widely recognized. Lin (2007) documented that no more than 0.5 million of over 40 million SMEs could obtain bank loans in 2006. In other words, over 98% of SMEs have no access to formal financing.

5.4 Empirical Literature

Wagenvoort (2003) carried out a study on the impact of credit accessibility on the growth of small and medium size enterprises in 14 European countries from 1996 - 2000. Using an experimental research design and regression analysis, the findings revealed that finance constraints limit the growth potential of SMEs in these countries. They therefore recommended measures to reduce those financial constraints so as to increase credit access available for small and medium size enterprises. His emphasis was on reducing the rate of interest and providing banks that will carter for the need of small and medium size enterprises.

Bougheous, Mizan & Yalcin (2005) examined the determinants of access to credit by small and medium size enterprises in Ghana and pointed out that lack of collaterals is a drawback to the growth of small and medium size enterprises because the requirement of collateral is crucial aspect for SMEs to succeed in accessibility of external financing from lenders. Collateral is the lenders protections in case default happened by a borrower in that view collateral is insurance that lenders contract will be honoured and respected. Collateral solve information asymmetry problems in the evaluation of investment project, the worthiness of the project and risk that might be involved by the borrower as well as the cost related to supervision of borrowers characters.

In a survey was carried out by Nkeobuna (2012) to evaluate the challenges of bank-credit among SMEs in Nigeria and make recommendations. It was found that it is not easy for SMEs to have access to bank credit in Nigeria this negatively impacted on financial growth of SME s in Nigeria. Mamman and Aminu (2013) assessed the effect of 2004 banking reforms on loan financing of SMEs in Nigeria. A sample size of 500 was randomly chosen and chi-square test was used which indicated that there is no significant effect of 2004 banking reform on loan financing of SMEs in Nigeria and suggested that there are some constraints which restricted access to loans from the banks for SMEs in Nigeria. It is evident that access to credit highly contributes to financial performance of SMEs.

Positive dependence between the size of an enterprise and financing with a bank credit was confirmed by Berrospide, Meisenzahl, and Sullivan (2012). Whereas, Ghosh (2010) and Jiménez and others (2010; 2012) underlined a low use of a bank credit by big companies. Big enterprises are attributed with a lower risk rate, since they are more diversified, better known to external entities, and they face the problem of information asymmetry to a smaller extent.

The level of competition in the banking sector may also influence the relation between the length of an enterprise's cooperation with a bank and an interest rate. Banks behave differently towards mature entities in the competitive market – they charge a lower fee for a credit. It also explains why mature enterprises in an uncompetitive banking market finance investments basing rather on internal sources of finance than banking, and how banks adjust their corporate lending portfolio (Cahn, Christophe et al., 2017; Belás et al., 2017; Rajnoha et al., 2017; Davydenko et al., 2017). That is why the determinant of widely-understood credit availability for enterprises is the level of competition in the market of banking services.

6. Research Methodology

The population under consideration in this study is guided or falls under Ministry of Small and Medium Size Enterprises, Social Economy and Handicraft (MINPMEESA) definition of SMEs, according to section 4, 5, 6 and 7 of law NO 2010/001 OF 13 April 2010. The choice of SMEs Cameroon as the frame of this study is because of the large number of SMEs and already available data

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which makes it easier to approach target response.

The Data used in this study are secondary source and are extracted from the 2016 Cameroon Enterprise Survey Data collected from 361 enterprises by National Institute of Statistics (NIS, 2016). However, given that the focus of this study is on Small and Medium Sized Enterprises, the sample size used in this study involved the 275 small and medium sized enterprises found in the survey. Thus the data is cross sectional in nature collected in Cameroon from a sample of 3 regions (including Centre, Littoral and West Regions). The study was stratified in terms of region we're the three regions namely above we're taken to study because they contain a greater part of the SMEs of the Cameroon economy.

The methods of data analysis involve the use of descriptive statistics and Pairwise Correlation analysis which helps in describing the nature of our data. The objective of the correlation analysis was to examine whether there are very strong relationships between the pairs of the independent variables (access to finance variables) used in the model which shows the possibility of the independent variables highly inter-affecting one another making it difficult to isolate the effect of one of them on the dependent variable without indirectly capturing the effect of the other.The use of econometric techniques was employed as binary logit regression model was used to examine the relationship between the dependent and independent variables and Variance Inflation Factor Test for Multicollinearity were analyzed using E-views (Version 8.0). The Variance Inflation factor test is a post test for Multicollinearity and it is expected that the mean (VIF) should be below the 2.5 maximum threshold value for there to be the absence of Multicollinearity in the results, which implies that there is absence of multicolinearity among variables in our analysis. This thus validate our results and the technique of analysis used.

Model Specifications

In order to examine the effects of access to finance on the growth of SMEs, a logistic regression model is used. Growth of SMEs is the dependent variable (with growing = 1, and not growing= 0). The basic functional equation takes the following form.

Growth of SMEs = f (Access to finance) (6.1)

Access to finance is broken down the various indicators used which include access to finance from Bank, access to finance from NBFIs and access to finance from other sources while controlling for age of the firm and legal status of the enterprises. Thus, the functional model is:

GSME = f (AFBANK, AFNBFIs, Agefirm, Legal status) (6.2)

The empirical transformation of the functional model (equation 3.2) is presented in figure as follows:

$$GSME=\beta 0 + \beta 1 AFBANKI + \beta 2 AFNBFIs + +\beta 3\ AGEFirm + \beta 4 LEGStatus + \varepsilon \ldots\ldots\ldots\ldots (6.3)$$

Where,

Dependent Variables

GSME is the growth of SMEs captured as growing = 1, not growing = 0. This variable measures growth in sales and it looks at the difference between sales 3 years back and the current sales. If the difference is positive, then the firm is growing and if the difference is not positive, then the firm is not growing (Mokua, 2013)

Independent Variables:

AFBANK is access to finance from banks institutions captured by the percentage of capital of the enterprise financed by bank loans.We expect a positive relationship between finance from bank credit and growth of SMEs.

AFNBFI is access to finance from non-banking institutions captured by the percentage of capital of the enterprise financed by loans from Non-bank financial institutions. We expect a positive relationship between finance from Non-bank financial institution and growth of SMEs

AGE Firm is the age of the enterprise captured by the number of years the enterprise have been existing. We expect a positive relationship between the age of the enterprise and growth of SMEs

LEG Status is the legal status of the enterprise captured by the status the firm has at the registrar of companies. Where we have the following categories; Public Limited companies (PLC), Private Limited Company (LTD), Sole Proprietorship and Partnership. We expect a positive relationship between the legal status and growth of SMEs.

7. Results

This study aimed at examining the effect of bank and non-bank institutions credit on the growth of small and medium sized enterprises in Cameroon. The main sources of access to finance considered by this study are credit access and the specific variables used are access to finance from bank institution credit, access to finance from Non-bank institution credit and access to finance from other sources while controlling for age of the firm and legal status of the firm. Growth of SMEs is captured by growing (1) and not growing (0). The data used is the Cameroon enterprise survey data of 2016. Based in the fact that the dependent variable is binary in nature, binary logit regression was used for the analysis of the data and findings are presented in the sections that follow.

Table 1 Sampling Region

Sampling Region	Freq.
Center	149
Littoral	143
West	69
Total	361

Source: Author, (2020)

The Cameroon Enterprise Survey used three regions as sample and this was made up of 149 enterprises in the Center Region, 143 of the enterprises were located in the Littoral Region and 69 of the enterprises were located in the West Region.

Table 2: Summary of Descriptive Analysis

Variables	Obs	Mean	Std. Dev.	Min	Max
GSME	275	.6842105	.4654747	0	1
AF_BANKS	275	10.30748	20.9618	0	100
AF_NBFIs	275	4.024931	13.61359	0	100
AGE Firm	275	18.57064	14.11938	0	86

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LEGStatus					
Partnership	275	.0498615	.2179608	0	1
LTDs	275	.7506925	.4332126	0	1
PLCs	275	.0304709	.1721177	0	1

Source: Author, (2020)

Table 2 shows the summary of descriptive analysis of the study and it shows the observations which is the number of responses on the various question items, means which are the average values for the variables, the standard deviations which shows the extent to which the data points deviate from the mean values, the minimum values and the maximum values for each of the variables used in the study. In all 361 enterprises were used in the survey, among which 69 were large enterprises and 17 had no distinction so the study considers only the 275 SMEs found in the survey and the mean for SMEs growth of 0.6842105 reveals that 68.4% of the enterprises were growing while the remaining about 31.6% of them were not growing with a standard deviation of 0.4654747, a minimum value of 0 for those not growing and maximum value of 1 for those growing.

For access to finance from banks, the mean shows that on average, 10.30748% of the enterprises' capital come from bank loans with a standard deviation of 20.9618 and while the minimum value of 0 shows that some of the enterprises did not have any financing from Banks, the maximum of 100 shows that some of the enterprises were financed entirely by Bank credits. Also, for access to finance from Non-Bank Financial Institutions (NBFIs), the mean shows that on average, 4.024931% of the enterprises' capital come from NBFIs with a standard deviation of 13.61359. The minimum value of 0 shows that some of the enterprises did not have any financing from NBFIs and the maximum of 100 shows that some of the enterprises were financed entirely by NBFIs.

In relation to the age of the firms, the mean age of the firms is 18.57 years with a standard deviation of 14.11938, a minimum of 0 years showing new start-ups and the oldest firm being 86 years

Also, for the legal status of the enterprises, the findings revealed that about 4.98% of the enterprises were Private Limited Companies (LTDs), 75.07% of them were sole proprietorship, and 3.05% of them were partnerships and the rest Public Limited Companies (PLCs)

Table 3: Pairwise Correlation Analysis

	AF_BANKS	AF_NBANKIs	Age_Firm	Legal_Status
AF_BANKS	1.0000			
AF_NBFIs	-0.0832	1.0000		
Age_Firm	0.1481	0.0069	1.0000	
Legal_Status	0.0259	0.0987	0.0925	1.0000

Source: Author, (2020)

The findings in table 3 reveals that all the correlation between ours variables are weak and thus implying that there are no issues of Multicollinearity among our variables. This thus validates the technique of analysis as an appropriate one for this study.

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Table 4: Logit Regression Results Testing the Effects of Access to Finance on the Growth of SMEs

VARIABLES	(Log Odds)	(Odds Ratio)	(Marginal Effects)
	GSME	GSME	GSME
AF_BANKS	-0.0115*	.9886*	-0.0020*
	(0.00615)	(.00608)	(0.00106)
AF_NBFIs	0.0176*	1.0177*	0.0031*
	(0.0105)	(.01030)	(0.00182)
AGE_Firm	-0.0199***	.9803***	-0.0035***
	(0.00678)	(.00665)	(0.00117)
Partnership	-0.338	.7133	-0.0715
	(0.445)	(.31754)	(0.09696)
LTDs	0.517**	1.6771*	0.0945**
	(0.211)	(.35403)	(0.03991)
PLCs	0.661	1.9373	0.1171
	(0.700)	(1.35550)	(0.10780)
Constant	1.584***	4.8736***	
	(0.480)	(2.33723)	
Observations	273		
Wald chi2(10)	54.38		
Prob> chi2	0.0000		
Pseudo R2	0.0680		
Count R2	0.767		

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Source: Author, (2020)

The findings show that, controlling for other effects, access to bank loans negatively affect the growth of SMEs in Cameroon which is contrary to our apriori expectation. The marginal effects of -0.0020 shows that a percentage increase in access to finance from banks reduces the likelihood of the firm growing by -0.0020 and this effect is significant at 10% level of significance. We conclude that access to finance from banks negatively and significantly affect the growth of SMEs in Cameroon. The suppose reasons from the negative effect of access to credit from banks on the growth of SMEs in Cameroon is justified by the unfriendly nature bank loan system to small businesses such as SMEs. This is in that the loan system gave more preference to larger enterprises as it interest rate system is charged constantly on principal amount borrowed rather than amount owed. Secondly the administration cost of loan by banks is large and might be difficult for SMEs to afford, to a greater extend the bank system is not flexible and the periods taken to grant loans are too long which ends up making business opportunities unprofitable. The unfriendly credit systems of most banks turns to wipe out the profit margins of the SMEs as they use most of the profits to repay loans and interest. This results are in line or supported by the study of Green (2003) on the effect of access to credit on the growth of SMES in Kenya using ordinary least square regression.

Access to finance from NBFIs positively affect the growth of SMEs. The marginal effects of 0.0031shows that a percentage increase in access to finance from NBFIs increases the likelihood of growth of SMEs by 0.0031 and this effect is significant at 10% level of significance. We conclude that access to finance from NBFIs positively significantly affect the growth of SMEs in Cameroon.

The justification of the results is that Non-banking financial institution loan systems such as that of the micro financial institutions are friendly to SMEs and are flexible to SMEs. This because their interest rate though higher than that of the banking institution, the interest is charge on the amount presently owed and not on the principal amount originally borrowed as is the case of the Bank. The flexibility of loan system of NBFIs makes it easy, less time and money consuming to obtain a loan at short notices, this enable SMEs to exploit business opportunities easily. Irrespective to this the increase number of MFIs in every part or rural are of Cameroon makes it easy to for SMEs to have access to their services. This result is supported by the study of Yiu, Su, and Xu (2012) on assess the impact of alternative financing on the performance of 284 private firms in 19 provinces in China using OLS estimation confirmed that alternative financing positively associates with firm performance.

Furthermore, the age of the firm negatively affects the growth of the firm which is contrary to the apriori expectation of this study since age may directly imply experience. The marginal effects show that a year increase in the age of the SMEs reduces their likelihood of growing by 0.0035 and this effect is significant at 1% level of significance. Also, the results on the legal status of the enterprises reveal that partnerships are less likely to grow compared to sole proprietorships while private limited companies (LTDs) and Public limited companies (PLCs) are more likely to growth compared to sole proprietorships.

The constant term's coefficient of 1.584 shows that in the absence of all the financial access and control variables used in the study, the likelihood of growth of SMEs will be 1.584 and the coefficient of the constant term is significant 1% level of significance.

The Wald Chi Square coefficient of 54.38 and its p-value of 0.0000 shows that the results is overall significant at 1% level of significance and thus 99% reliable. The Pseudo R-Square shows that finance access and control variables used account for 6.8% of variations in the growth of SMEs which traditionally is always very low for cross sectional data. However, the count R Squared shows up to 76.7% of variations in the growth of SMEs caused by the independent variables specified in the model.

8. Conclusion

In general, with reference to our main question which was to does access to credit effect the growth of SMEs in Cameroon? The results show that access to credit from two sources (banks and Non-banking institutions,) turn to affect the growth of the SMEs in Cameroon. The sum total of the results show that access to credit positively affects growth.

The results also explain that effect of access to credit on the growth of SMEs varies from sources to source depending on the lending characteristics of the source in question as better terms of access to finance like moderate interest rate, degree of collateral requirement, periods taken to grant loans and administrative cost greatly determine the degree to which credit affects the growth. These findings are consistent to a similar study by Muguchu, M. (2013), who established a positive relationship (R= 0.765) between access to credit and financial performance of small and medium enterprises in Nairobi. From our different results, we can conclude that the main reason behind the Cameroon government failure to achieve positive change in access to credit and growth of SMEs is attributed to the fact that the results of access to credit are long term, unfriendly nature of bank loans towards SMEs, collateral requirements from the bank, and lastly better financial statement or business plan. To solve this problems, in 2013 Cameroon government in action inhibiting the growth\survival of the key catalyst to economic growth (SMEs), took measures which are associated with provision of ways to make access to credit more feasible.

. Furthermore, the creation of the SMEs promotion agency (APME created in 2013) and most importantly the creation of the National SMEs Bank (BCPME) created in 2013 which when operational in 2014 with 10 billion CFA. All these efforts by the Cameroon government are or were to promote, enhance the growth and survival of the SMEs sector with each agency or institution targeting each constraint most especially access to finance at their own level. These efforts are to reduce the impacts of the various constraints on some and medium size enterprises in Cameroon.

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