Half a dozen cases pending before the Central African Court of Justice involve local banks and the community organ in charge of regulating the banking sector. The reorganization of the banking sector in Central Africa is far from being complete. Recently, the Court of Justice of the Economic and Monetary Community of Central Africa (Cemac) was particularly in demand for cases involving local banks and the regulatory body, COBAC.
Six of them involved banks of the sub-region and the regulatory body. The cases were referred to the hearing of 23 June 2011, where a final ruling was to be made on some of them.

Six cases against COBAC

The first case concerning third-party proceedings, opposed Ecobank-Centrafrique to COBAC. The local representation of the pan-African bank accused the regulatory body of « trying to slyly evade an application for the review of the legality of its decisions taken in December 2006 and March 2007 ». Deferred to the next hearing, this case will be tried in the same way as the difference opposing the Commercial Bank of Chad to the COBAC for a matter of « collusion of interests». The problem concerned the legality of decisions taken by the regulatory body; more specifically, these banking institutions accuse COBAC of putting under interim administration and « in questionable conditions », the Commercial Bank of Cameroon, the Commercial Bank of Central Africa and the Commercial Bank of Chad, all of which belong to the Cameroonian financial holding of 'groupe Fotso'.
The third case before the court concerned third-party proceedings involving the Cameroonian financing group Amity Bank and COBAC with regard to the buyout of this national financial institution by the Ivorian group 'Banque Atlantique'. According to Amity Bank promoters, the buyout procedure did not comply with established practice in this regard, because of the « clear bias » of the control organ.
For two years, the Cameroonian bank appealed to the CEMAC Court of Justice to overturn the COBAC decision. After several postponements, the case could be resolved during the next hearing scheduled on 23 June. The fourth case concerned an application for the overturning of COBAC decision D-2009/223, introduced by Afriland First Bank of Cameroon, while the fifth lawsuit filed against the policeman of the banking sector, concerned the suspension of decision D-COBAC 2010/126 taken at the same time as the preceding one.

Reorganization and credibility

Sources close to the case have revealed that the Cameroonian government which is opposed to the CBC's sell-off, strongly criticised the bank's being put under interim administration, while it continues to participate in the financing of development projects in Cameroon, estimated at billions of CFA francs.

In anticipation of the rulings of the arbitration court, former executives of the Bank of Central Africa (BEAC), have just set up an organization meant to restore « COBAC's credibility », and accuse the control organ of deviating its missions. The organization said it was convinced that « the rot has set in » and argued that this situation called for the reconsideration of the functioning of this institution where rumours of corruption have continued to circulate for some time.

Extensive restructuring

A regulatory body, which abstains from doing so, believes that these measures contribute to the reorganization of the sector where several structures still try to function outside the statutory provisions. For this reason, several banks and other micro-financing institutions had their authorizations withdrawn while others were placed under COBAC's interim administration. It is worth noting that certain analysts were not convinced about the need for such decisions. Following a large-scale restructuring carried out in this sector fifteen years ago, the banking landscape of Central Africa has gained credibility. Henceforth, there is need to disburse 10 billion CFA francs to set up a bank in Central Africa, and COBAC has launched the Bank Deposit Guarantee Fund in Central Africa (FOGADAC) to ensure that savers do not pay a hefty price after the closing or liquidation of a bank.

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