

## **Loan Portfolio Quality and the Bank Soundness in the Eccas: An Empirical Evaluation of Cameroonians Banks**

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**Abstract :** This paper aims to analyze the sound banking through the effects of the damage of the loan portfolio in the Cameroonian banking sector through the Z-score. The approach is to test the effect of other CAMEL indicators and macroeconomics indicators on the relationship between the non-performing loan and the soundness of Cameroonian banks. We use a dynamic panel data, made by 13 banks for the period 2010-2013. The analysis provides a model equations embedded in panel data. For the estimation, we use the generalized method of moments to understand the effects of macroeconomic and CAMEL type variables on the ability of Cameroonian banks to face a shock. We find that the management quality and macroeconomic variables neutralize the effects of the non-performing loan on the banks soundness.

**Keywords :** loan portfolio, sound banking, Z-score, dynamic panel

**Conference Title :** ICBBF 2015 : International Conference on Business, Banking and Finance

**Conference Location :** Istanbul, Türkiye

**Conference Dates :** July 29-30, 2015