

Assessment of Regulatory Oversight of Online Transactions in Microfinance Institutions (MFIs) in Cameroon

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Abstract

The coming and evolution of technology have seen its adoption in many domains, including the financial sector, following the introduction of online or digital financial transactions. This method of money transfer has been adopted by many financial institutions, with the microfinance sector being very active in it. The increased use of this mode of money transfer has led to numerous consumer rights violations, an increase in money laundering, and other unacceptable activities by individuals with malicious intent. The boiling point here is the laxity of the legislator in solving these difficulties encountered in online transactions within the microfinance sector in Cameroon. This scientific article is aimed at assessing the regulatory oversight of online transactions in MFIs in Cameroon, with a focus on the impact of regulatory laxity. It aims to assess the effectiveness with which the regulator of online financial transactions in the microfinance sector in Cameroon ensures the smooth operation of such transactions within the sector, taking into consideration their significance for consumer protection, financial stability, and, above all, financial inclusion. Through an examination of the current regulatory framework, analysis of risks, challenges, and explorations of policy recommendations, this work provides significant insight for policymakers, regulators, and stakeholders in addressing regulatory loopholes and ensuring an effective system for online transactions in the microfinance sector in Cameroon.

Keywords: Regulatory Oversight, Online Transactions, Microfinance, Cameroon, Regulatory Laxity.

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I. INTRODUCTION

The microfinance sector has grown to be one of the most important sectors for poverty eradication, financial inclusion, and enabling the underserved to have access to financial services not just in Cameroon but worldwide. The microfinance sector has had a significant improvement, thereby permitting individuals and small businesses to have access to credit, savings, and insurance products. With the improvement in technology, online transactions have become an important part of microfinance activities, permitting individuals to have access to convenient and efficient financial transactions. The fast adoption of digital financial services has led to the transformation of the microfinance landscape, especially in developing countries [1]. In sub-Saharan Africa, microfinance has

benefited from and taken into consideration online transaction platforms to widen access to credit, savings, and many other financial products, especially in rural areas and less privileged communities. [2] Services such as mobile money and web-based have helped to expand the various activities offered by MFIs. With all this rapid growth in digital financial services and online transactions, which has witnessed the transformation of the microfinance sector on a global scale, it is rather unfortunate that the regulatory oversight of these online transactions within the microfinance sector has not been at the same level as the rapid digitalization of the sector. Even though microfinance has been putting forth strategies in most countries, especially developing countries like Cameroon, to ensure convenient, less costly services and expand its reach [3], it has, however,

¹ Ozil Peterson K, Impact of digital finance on financial inclusion and stability (2018)18(4) *Borsa Istanbul review* 329

² Tchouassi Gérald, Can Mobile Phones Really Work to Extend Banking Services to The Unbanked? Empirical Lessons from Selected Sub-Saharan African Countries

(2012)1(2) *International Journal of Development Societies* 70

³ Consultative Group to Assist the Poor (CGAP), Protecting Microfinance Clients in a Digital World. Retrieved from

witnessed an increase in the risk involved in carrying out such transactions within the sector. Some of these risks include cyber security, data protection, client trust, and many others. These risks are as important to look into because of the damage they cause not just to the consumer but also to the issuer of such services. Ineffective regulatory frameworks and inadequate supervision of MFIs explain the surge in the violation of consumers' rights, fraud, and instability in the sector [4]. This inadequacy of regulatory safeguards could be blamed on the slowness or laxity of the regulator to look at the sector from a stringent and specific perspective.

II. Regulatory Oversight and Frameworks of Online Transactions within Microfinance

Regulatory oversight of online transactions, especially within the microfinance sector, has to do with the well-organized, standard supervision and implementation of legal, financial, and ethical safeguards by competent regulatory authorities to ensure transparency, security, and fairness as far as the digital financial ecosystems are concerned within the microfinance sector. The main aim behind this regulatory oversight is to ensure the protection of consumers, ensure the maintenance of market integrity, and fight against financial crimes, and also foster trust when it comes to the various digital platforms used in carrying out such financial transactions within the sector. Generally, the constant evolution of digital financial transactions and the risks associated with it explains the growing demands for robust regulatory mechanisms and frameworks to fight against such financial crimes, which range from fraud, identity theft, money laundering, and data breaches, exposing consumers to serious violations and abuses. Regulatory oversight makes sure that online financial activities or transactions within financial institutions in general are carried out within a predictable legal landscape that balances innovation, consumer protection, and systemic stability within an evolving society. [5] Regulatory oversight generally includes key elements and demands some of which are licensing requirements, cyber security protocols, anti-money laundering (AML) standards, and data privacy laws [6]. When it comes to developing economies like that of Cameroon, such regulatory oversight becomes very much necessary due to the increasing adoption of mobile

money and online payment systems amid limited financial literacy and infrastructure. It is important to outline here that MFIs rely mostly on mobile money platforms to carry out financial transactions. This is common with category one and two MFIs, which, in most cases, do not have the required resources to put in place standard digital financial services, such as independent online financial transaction platforms, and are mostly located in areas where there is limited financial literacy. The regulations of financial institutions and their activities in Cameroon are ensured by CEMAC through the Bank of Central African States (BEAC) and COBAC, which has as its main objective to ensure that FINTECH and MFIs operate transparently while protecting consumers' data and complying with AML/CFT demands.[7] The microfinance sector in Cameroon has witnessed a significant increase in the adoption of digital financial services involving online or electronic transactions in recent years. This shift comes as a result of the desire by stakeholders to improve their services and improve financial inclusion and accessibility for all, especially the less privileged or the underserved, found in most cases in rural areas [8]. It is rather unfortunate that the competent regulatory authority and the frameworks put in place have been a topic of discussion for the past few years due to their ineffectiveness or the laxity of the competent regulator to pay much attention to the microfinance sector in some parts of Africa, and Cameroon in particular. COBAC, which is the main regulatory body of financial institutions in Cameroon, was put in place in 1990 following a treaty signed by members of the Economic and Monetary Commission of Central African States (CEMAC), which at the time constituted six members. Most of COBAC's legal frameworks are outlined in the CEMAC Banking regulations. The main objective of COBAC here is to ensure the supervision, regulation, and monitoring of financial institutions within the CEMAC region. It is our responsibility to ensure the stability and smooth functioning of the financial sector in the region. There exist other regulatory bodies like the Ministry of Finance, telecommunication operators, and other national laws, which are enforceable in compliance with the status and prescriptions of COBAC. Key regulatory approaches put in place by the legislator through

<https://www.cgap.org/research/publication/protecting-microfinance-clients-digital-world>

⁴ Fouda Owoundi Jean Piere, *Le Bilan Mitigé des Réformes Bancaires en Afrique Centrale: Les Paradoxes Du Développement Financier* (2009) 62(3) *Économie Appliqué* 73

⁵ Lillyana Daza Jaller, Simon Gaillard and Martín Molinuevo, *The Regulation of Digital Trade: Key Policies and International Trends* (2020). Retrieved from <https://documents1.worldbank.org/curated/en/998881578289921641/pdf/The-Regulation-of-Digital-Trade-Key-Policies-and-International-Trends.pdf>. Accessed 5 January 2026

⁶ LexJuris Vista, *Regulatory Frameworks Governing Online Financial Transactions in the Digital Era* (2024). Retrieved from <https://lexjurisvista.com/regulation-of-online-financial-transactions/>. Accessed 5 January 2026

⁷ Generis Online, *Understanding the Regulatory Framework for Digital Payments and Fintech Companies in Cameroon* (2024). Retrieved from <https://generisonline.com/understanding-the-regulatory-framework-for-digital-payments-and-fintech-companies-in-cameroon/>. Accessed 5 January 2026

⁸ Njanike Kosmas, *The Determinant of Financial Inclusion in Selected African Countries*. (Diss Doctoral Dissertation, University of South Africa 2021).

COBAC to ensure the smooth operation of MFIs and their activities within member states include:

a. Authorization and Licensing

These are basic principles of regulatory oversight for financial institutions in Cameroon, in particular, and Africa in general. Such a mechanism is out to ensure that only legally recognized and sound financial institutions carry out their activities within the nation, which helps greatly in the maintenance of stability within the institutions and the respect of consumer protection demands. Authorization here refers to an approval by a competent regulatory authority for an institution to carry out its activities within a given jurisdiction. A person or group of individuals wishing to operate a MFIs in Cameroon or within any of the CEMAC member states must do so in compliance with the norms put in place^[9]. Licensing simply refers to the issuance of a legally recognized document or certificate that serves as a confirmation that an institution or organization has met all regulatory requirements to function as such. In the case of financial institutions, such licensing could involve the issuance of services such as digital financial services.^[10] MFIs are classified into three categories as outlined in a COBAC Regulation No. 01/02/CEMAC/UMAC/COBAC of April 13, 2002. Such a classification is based on their operational scope and capital requirement. Each of the categories determines the kind of license accorded to the institution by the regulatory body. MFIs, especially categories one and two, rely mostly on mobile money platforms to carry out digital financial transactions. Generally, any financial institution wishing to engage in digital financial transactions must ensure to have a robust digital infrastructural facilities, cyber security mechanisms, and data protection measures.^[11] The main objective of this regulatory principle is to make sure that these institutions comply with regional monetary policies, some of which include AML and CFT demands, which in most cases are carried out with the use of digital financial transaction facilities.^[12] COBAC regulation R-2016/01 relating to the conditions and modalities for the issuing of approvals of credit institutions, their managers, and their statutory auditors outlines the various conditions for the approval and licensing of MFIs. As per Article 1, This regulation is issued under the provisions of Regulation No. 02/15/CEMAC/UMAC/COBAC of March 27, 2015, amending and supplementing certain conditions relating to the practice of the banking profession in the Central African Economic and Monetary Community which determines the composition of the application files for

approval submitted to the monetary authority and specifies the procedures for their examination. Some of the modalities involve the Composition of an application file for approval by credit institutions^[13]. The application for approval as a credit institution is addressed to the monetary authority with a receipt. For information purposes, a copy of said application, accompanied by the receipt, is transmitted by the applicant to the Banking Commission.^[14] The application for approval must specify the category of credit institution for which the applicant is applying and be accompanied by a complete file, the composition of which is specified in Article 5 which comprises of a form containing general information on the credit institution, by the model defined by COBAC instruction, a notarized copy of the articles of association of the credit institution, a notarized copy of the minutes of the constituent general meeting, the list of shareholders, detailing for each of them the number of shares held, the par value of the shares, the paid-up shares, the corresponding percentage of ownership and the equivalent in voting rights, the information elements on the shareholders set out in Articles 7 and 8 of this regulation. The notarized declaration of subscription and payment of the share capital, the report of the capital contributions auditor for any contribution in kind, the bank account statement having received the paid-up capital, the projected composition of the board of directors, distinguishing between executive directors, non-executive directors and independent directors, the information elements on the persons proposed for the position of director as outlined in Article 12 of this same regulation, the information elements on the persons proposed for the position of chief executive officer and deputy chief executive officer as outlined in Article 20 of this regulation, the list and composition of the specialized committees that will be established within the board of directors and their respective responsibilities, the list and composition of the specialized committees intended to assist the general management in the day-to-day management of the credit institution and their respective responsibilities, the projected organizational chart including the information defined in Article 16 of this regulation are key elements which needs to be included in such a file.

Additionally, a 5-year business plan includes in particular the description of the project, the strategic market analysis, the commercial strategy, the forecasts of organization and establishment, and the financial projections, details of the technical, financial, and human resources that will be implemented, a 5-year projected

⁹ Kima and Partners Law Firm, the registration of a microfinance institution in Cameroon (2019)

¹⁰ Henri Kouam, 'Overview of the Microfinance Sector in Cameroon: Regulation and Prospects' (2024) 24(8) *Cameroon Economic Policy Institute Journal*.

¹¹ Banyong Fonyam Jonie Jr, the Microfinance Sector in Cameroon: A Legal Primer for Investors. *Fonyam and Partners Law Firm 2025*.

¹² Armand Ndjodo, 'Digital Finance and Regulatory Compliance in CEMAC' (2023) 31(2) *Revue Africaine de Droit des Affaires* 45.

¹³ Art 2

¹⁴ Art 3

balance sheets and income statements, a draft procedure manuals concerning in particular the internal control system, risk management, information system management, the business continuity plan, the fight against money laundering and terrorist financing, the monitoring of outsourced operations, and the corporate governance charter, a forecasts of changes in staffing (nationals and expatriates), the technical assistance contract with a reference partner, if applicable and a certificate stating the prior approval or the letter of no objection from the banking supervisory authority of the country of origin must be included in other to meet up with this obligation. The application file for approval must contain all the information elements allowing COBAC to ensure compliance with the conditions for exercise and approval set out in Regulation No. 02/15/CEMAC/UMAC/COBAC, to assess the viability of the project, and to evaluate the quality of the shareholders, directors, managers, and statutory auditors of the credit institution [15]. The application file for approval as a credit institution must contain the information elements relating respectively to the institution itself, the shareholders of the credit institution, the directors, as well as the managers, and the statutory auditors [16]. To ensure the respect of these modalities, CEMAC member states are charged with the task of imposing compliance with these regulations on all credit operators. The approval and licensing of financial institutions before their operations are essential, especially when it involves digital financial activities. Such methods ensure that only institutions with credibility and that are sound operate within the society. This is to help protect consumers against fraud, cyber security threats, and many other financial crimes that may occur. These financial institutions must work in respect of national regulatory frameworks that have been put in place to ensure the eradication of cybercrimes, such as the 2010 law on cyber security, Law No. 2019/021 of December 24, 2019, which governs electronic communications in Cameroon, the law on consumer protection and a plethora of others. Some of these national regulatory frameworks obliges operators and even consumers to respect data privacy, consumer protection, and the recognition of digital financial transactions.

b. Know your customer (KYC) and anti-money laundering (AML)

These are important regulatory oversight that are essential, especially as digital financial transactions within the financial sector are concerned. They are being put in place with the main objective of limiting financial crimes such as money laundering, terrorist financing, and fraud to the lowest level. It also comes to protect the integrity of the financial system and institutions from being used to carry out illegal financial activities. These frameworks are very important when it comes to

financial transactions that are being carried out in financial institutions, such as the microfinance sector. This is so because its institutions serve vulnerable populations and operate in areas or environments through which such financial crimes can occur without being noticed. [17] KYC is a process that requires the verification of customers' identity and the evaluation of their suitability and risk profile before engaging in a business relationship. AML, on the other hand, has to do with the implementation of policies, mechanisms, and procedures that will help in detecting and preventing money laundering and many other financial crimes plaguing the financial sector. Within the microfinance sector, where online transaction is gaining ground, KYC and AML oversight play an important role in ensuring that these transactions are legitimate and secure. MFIs are often used as a medium for carrying out these illegal activities due to their high frequency in small transactions and lack of sophisticated monitoring mechanisms. This explains why, in most economies like Cameroon, the competent regulatory body is trying its best to put in place such an oversight to ensure the mitigation of risks associated with this kind of financial transaction within or out of financial institutions.

It is essential to mention that the main framework on money laundering in Cameroon is regulation No 01/CEMAC/UMAC/CM regarding the prevention and repression of money laundering and the financing of terrorism and proliferation. This is a regulatory mechanism that is adopted and applied by CEMAC within its member states in central Africa, and because Cameroon is a member of the CEMAC community, this regulation applies to it by virtue of Article 45 of the 1996 constitution of Cameroon. This regulatory framework clearly outlines what constitutes money laundering, financing of terrorism, and proliferation. For instance, in article 1 of this regulation, the definition of the various terms has been emphasized. As concerns money laundering, it is a mechanism through which people conceal the unlawful origin of money or property which has been obtained through illegal means while making it look like such were obtained through legitimate activities. Such criminal actions are often carried out with the help of financial institutions and businesses which permit them to make use of money obtained through illegal activities without being detected or caught. The CEMAC regulation do not only defines this as such but goes further to include the purchase, possession, and use of such properties by persons who had the reasonable means and knowledge to suspect that such monies and properties were obtained through illicit practices at the time of receipt. This includes an attempt to commit such a crime within the purpose of obtaining such properties illegally. Also, article 2 of the same regulatory framework adds that any individual who by any means intentionally provides or

¹⁵ Art 3

¹⁶ Art 4

¹⁷ Arun T and Murinde V, *Microfinance: A Reader* (Routledge 2010)

takes funds with the main intention of using it to carry out activities which may amount to an offence of terrorism as outlined by international regulatory frameworks ratified by member states or any other activities carried out or to be carried out with the main intention of causing death, or serious injury to civilian and any other persons who are not being part of such hostilities especially in the situation of armed conflict and also when such an act is to cause massive fear, intimidate the population or cause the state or an international body to do or abstain from doing something, such shall be considered as the financing of terrorism. The main aim of this regulation, as outlined by article 4, is to lay down rules to prevent, detect, check, or eliminate that act of making use of or taking advantage of the of the financial sector within CEMAC zone to carry out financial crimes and other illegal activities regardless of their nature. Article 5 clearly outlines those who could be held responsible for the various offenses and some of which includes persons who has as a duty to carry out regularly control, advise on financial transactions, capital movements, treasuries of member countries, BEAC, financial enterprises, senior staff of institutions, owners of gaming enterprises and legal practitioners who may assist clients in realizing some business operations. This also extends to real estate agents, transportation companies auditors, chartered accountants companies or persons dealing in valuable work of arts. It is important to outline that responsibility of those who can be held liable is vary vast especially as this CEMAC regulatory frameworks aims at extending it to the lowest of persons who could be tempted in engaging in such illegal activities. Regulation No 01/CEMAC/UMAC/CM regarding the prevention and repression of money laundering and the financing of terrorism and proliferation in central Africa has attempted to bring and impose the KYC concept on financial institutions by obliging them to ensure proper identification their clients who may be liable under article 5 of this regulation. Before carrying out any form of financial transactions the operators must verify the identity and address of their co-contracting party by requiring the presentation of a still valid original document, including a photograph, a copy of which is made. Also, Article 10 mandates operators to ensure the Identification of the ultimate beneficial owner by financial institutions and other persons liable under Article 5 of this regulation. They shall carry out proper verification of clients especially that of those to whose interest an account has been opened and who is likely to constantly carry out financial transaction using such accounts. The must also ensure that transactions are only

carried out when it is very clear that persons requesting for such may not be doing so for malicious reasons. Legal practitioners, private accountants, public administrators and persons acting by mandate or in a representative capacity may not make use of such as a pretext to refuse or avoid any form of disclosure of the identity of the real operator.

It is essential to point out that the regulatory landscape of the financial sector and digital financial transactions in Cameroon is shaped by national and regional frameworks and authorities, some of which have been seen at the beginning of this work. The Banking Commission of Central Africa (COBAC) is the key regulatory body that plays an important role in the regulation of financial institutions such as banks and microfinance entities, as per the Regulation R-2015/01 on AML/CFT. [18]. Being a member of Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale (GABAAC), Cameroon is doing everything to align with the various regulatory safeguards on AML/CFT, which work in line with those put in place by the Financial Action Task Force (FATF). For the past years, there has been an improvement in Cameroon's legal and institutional AML/CFT frameworks, though the need for improved implementation and enforcement has often been expressed. [19] The current evolution of technological facilities and the adoption of digital financial services in Cameroon and within financial institutions accounts for the acceleration in the adoption of eKYC safeguards and mechanisms of financial transfer, such as FINTECHs and mobile money providers. eKYC in Cameroon now makes use of biometric verification mechanisms and real-time data validation strategies, which greatly help in the enhancement of customer experience and regulatory compliance mechanisms. [20]

c. Transactions limit and reporting

Transaction limits and reporting are important regulatory mechanisms put in place with the objective of ensuring financial transparency, mitigating key risks, and also ensuring consumer protection within the digital financial economy. Transaction limits can be defined as the maximum value of financial activities, such as deposits, withdrawals, or transfers that can be carried out within a specific period. In simpler words, the transaction limit simply has to do with the maximum amount of money that can be transferred online by an individual or a corporate body within a given period. Such a limit is imposed so as to avoid overexposure to liquidity risks

¹⁸ Anqa Compliance, Cameroon AML & Sanctions Compliance (2025). Retrieved from <https://www.anqacompliance.com/cameroon-aml-gabac>. Accessed 5 January 2026

¹⁹ Financial Action Task Force (FATF), the Republic of Cameroon's Measures to Combat Money Laundering and Terrorist Financing (2022). Retrieved from <https://www.fatf->

gafi.org/en/publications/Mutualevaluations/Mer-cameroon-2022.html. Accessed 5 January 2026

²⁰ VOVE ID, KYC Compliance in Cameroon: 2025 Guide to Digital Identity and AML Regulations (2025). Retrieved from <https://blog.voveid.com/kyc-compliance-in-cameroon-2025-guide-to-digital-identity-and-aml-regulations/>. Accessed 5 January 2026

and to curb unwanted financial flows, which are very common in less developed countries. The concept of reporting has to do with a systematic documentation and communication of various financial operations, most especially those which are judged to be suspicious and which exceed regulatory demands put in place by bodies such as the COBAC and ANIF in the case of Cameroon. [21] The plethora of regulatory frameworks in Cameroon with respect to financial institutions though in most cases do not directly deal with digital financial transactions within the microfinance sector, it is however important to outline that such an oversight of online transactions in MFIs or other financial sector within the CEMAC zone could be identified in COBAC's prudential framework, especially Regulation R-2002/03, which calls for an internal control systems which is capable of identifying and reporting suspicious operations. This regulatory oversight is reinforced by the 2016 CEMAC Regulation on AML/CFT, which demands that financial institutions report transactions that may exceed five million CFA francs for individual persons and ten million CFA francs for a moral person. It also demands the reporting of any financial transaction deemed unusual and does not have an economic justification concerning its origin. [22] This regulatory oversight is essential when it comes to consumer protection, especially when it concerns digital financial transactions. With the rapid increase in the use of mobile money and digital platforms, consumers are constantly being exposed to fraud, identity theft, and erroneous or unauthorized financial transactions. These oversight mechanisms play an important role as it helps in safeguarding and neutralizing potential losses. It also helps in reporting obligations with the main aim of ensuring that any form of anomalies are detected and investigated within the shortest time frame. The effectiveness of this financial sector in meeting its objective and bringing about financial inclusion, coupled with the change in the standard of living of the less privileged and the underserved in society, is closely tied to the standards of institutional regulations and the trust they inspire among consumers [23]. It brings about the reduction or eradication of the risks associated with the processing of large transactions that could be easily used for illegal activities. Aside from other regulatory bodies, COBAC, which is the main regulatory body, has put in place guidelines on transaction limits to ensure compliance with anti-money laundering principles and

the fight against terrorism financing. These limits are being put in place to safeguard and protect the financial system from abuse, thereby ensuring the protection of the interests of the consumer and other stakeholders. MFIs are thereby required to comply with these limits and, in return, report any suspicious transactions to the competent regulatory authority. Aside from transaction limits, the legislator has also imposed on stakeholders the duty to report. This is because reporting plays an essential role in the regulatory oversight of online transactions in MFIs. They are called upon to maintain a clear, detailed record-keeping of all their transactions with specific information, including that which concerns the identity of the parties involved. Such a record helps in times of auditing, monitoring, and tracking of any suspected case of financial crime. They are mandated to report any suspected cases of unusual transactions that may be suspicious to enable the competent authority to lay their hands on money launderers, consumer rights abusers, and many other financial criminals.

d. Cyber security and data protection

These are key elements of regulatory oversight when it comes to the digital financial landscape, not just within financial institutions but also in other entities that may be involved in digital communication and which are increasingly depending on digital platforms to dish out such services. Cyber security could be defined as the various practices and technologies put in place with the aim of protecting the digital landscape from threats such as data violations, unauthorized access, and other malicious attacks. Data protection pays attention to the safekeeping of personal and vital financial information from being interfered with, especially by malicious persons. Such an oversight is very important as it brings about confidentiality, integrity, and inviolability of customers' data, particularly as online financial services now cut across key countries facing various hurdles when it comes to making use of digital services around Africa. [24] Being an important regulatory oversight when it comes to digital transactions within financial institutions, cyber security and data protection ensure that such institutions, especially those of the microfinance sector adopts or put in place secure digital infrastructures, meet up with data governance mechanisms, and also avoid any form of violations. The implementation of these oversights is ensured by a

²¹ D C Fonchamnyo, T Anyangwe, N N Chantal and G D Dinga, 'Capital Structure and Financial Sustainability: Stakes of Microfinance Institutions in Bamenda, Cameroon' (2023) 9 *Future Business Journal* 41

²² Cécile Lapenu and Manfred Zeller, 'Distribution, Growth, and Performance of the Microfinance Institutions in Africa, Asia and Latin America: A Recent Inventory' (2001) 3(2) *Journal of Microfinance* 5. Retrieved from <https://www.jstor.org/stable/25782688>. accessed 14 January 2026

²³ S Kendo, 'Impacts des services de microfinance sur la productivité des micros-agriculteurs au Cameroun'

(2018) ResearchGate. Retrieved from <https://www.researchgate.net/publication/322852626>. Accessed 14 January 2026

²⁴ Lawrence Damilare Oyeniyi, Chinonye Esther Ugochukwu and Noluthando Zamanjomane Mhlongo, 'Developing Cybersecurity Frameworks for Financial Institutions: A Comprehensive Review and Best Practices' (2024). Retrieved from ResearchGate <https://www.researchgate.net/publication/379905772>. Accessed 15 January 2026.

plethora of laws, both national and regional. One of the most common in Cameroon is Law No. 2010/012 on cyber security and cybercrime, which sets a legal foundation for digital evaluation, obliging institutions to respect and ensure the implementation of protective mechanisms. The 2016 CEMAC Regulation on AML/CFT, which is a regional regulatory framework call on the various financial institutions within CEMAC member states to respect the non-violability principle, which has been put in place to secure customer data protection in the execution of digital transactions.²⁵ This oversight is essential as it plays a key role in protecting clients making use of digital financial transactions from identity theft, fraud, and unsolicited access to financial information, which could be used in carrying out fraudulent activities. This regulatory oversight obliges financial institutions to put in place encryption, multi-factor authentication mechanisms, and secure data storage strategies, which will help in mitigating systemic vulnerabilities that could exist when it comes to digital financial transactions. COBAC calls on financial institutions to ensure that they implement internal control mechanisms, some of which have to do with cyber security and data protection strategies. This oversight is necessary to protect beneficiaries of these products from fraud, identity theft, and other cyber threats that may influence the smooth functioning of transactions or compromise financial well-being. Every financial institution in Cameroon and those within the CEMAC zone are called upon to comply with data protection regulations that oversee the collection, storage, processing, and sharing of client information. This involves regulations on data encryption, access monitoring, regular security audits, and incident prevention protocols or mechanisms to mitigate cyber risks. Cyber security regulations mandate the implementation of secure authentication procedures and mechanisms such as two-factor authentication to ensure proper verification of a client's identity during transactions. It prevents unauthorized access to important information and financial data, thereby reducing risks.

e. External Audits

External audit, when it comes to digital financial transactions, could be defined as an independent examination of an entity's digital financial records, information technology systems, and internal controls by a certified independent and external auditor, or it refers to the process of independent review and

evaluation of the financial records, operations, and compliance with regulatory frameworks of institutions. Such audits are often conducted by particular and qualified specialists known as independent auditors who have no interest in protecting or being affiliated with the institutions that they are auditing. The main objective of an external audit is to assure regulators, clients, and other interested persons who may either directly or indirectly be taking part in the activities of the institutions that the accounts of the institution are accurate, reliable, and respect all the norms put in place by the competent regulatory authority. It ensures that the financial statements and digital transaction logs of the concerned institution are compatible, complete, and also comply with the various regulatory frameworks put in place. In the current society, where technology is evolving, independent audits have gone beyond the usual financial scrutiny to take into consideration key elements like the assessments of cyber security strategies, data integrity, and the credibility of digital transaction facilities and platforms. [26] As a regulatory oversight mechanism, external audits play a crucial role in verifying that financial institutions, like that of the microfinance, adhere to prudential demands, AML standards, and digital security protocols. Such a mechanism is regulated by COBAC Regulation R-2002/03, which demands MFIs and other financial institutions to make available annual and audited financial statements that have been viewed and reviewed by an independent auditor approved and recognized by the principal regulatory body. The importance of auditing here is that it helps in assessing not only financial compliance with regulatory mechanisms but also the effectiveness of the various digital facilities, the level at which such helps in identifying fraud and other illegal activities, such as unauthorized access. [27] External audit oversight depends mostly on its capability of enhancing transparency, accountability, and confidence among users or customers of these digital financial services. Proper auditing enables regulators to make sure that there is no manipulation of record-keeping, be it digital or manual, with the intention of hiding financial irregularities. Also, this auditing is vital as it helps in maintaining the worthiness of the financial institutions, particularly MFIs. This is because institutions are increasingly adopting and making use of digital platforms to serve remote, underserved, and underdeveloped populations. [28] As per the COBAC regulatory demands, financial institutions are called upon

²⁵ Tomslin Samme-Nlar and Boris Landry Djamen, 'Financial Inclusion and Cybersecurity: The Role of Governance in Conflict States in Africa' in Louis A Picard and others (eds), Sustainable Development and Human Security in Africa: Governance as the Missing Link (2022) Springer

²⁶ M Fossung, 'External Audit and Quality of Accounting and Financial Information in Cameroonian Companies' (2019) *European Journal of Accounting, Auditing and Finance Research*

²⁷ AG Foka Tagne, 'The Place of External Audit and the Institutional Environment in the Manipulation of Financial Statements Produced by Microfinance Institutions in Cameroon' (2024) (162) *Recherches en Sciences de Gestion* 153

²⁸ Kouam Henry, Overview of the microfinance sector in Cameroon: Regulation and Prospects (2024) *Cameroon Economic Policy Institute*

to appoint auditors from a legally recognized list and to submit reports of such auditing within a specified time frame, usually per year. The submitted reports are used by regulatory bodies to carry out an assessment of the institutional well-being, detect systemic hurdles, and take corrective measures where necessary. [²⁹] Microfinance operating under the CEMAC zones is obliged to ensure or undergo regular external audits as part of the regulatory oversight of the various activities of financial institutions. It helps to ensure that online transactions are being carried out with diligence, such as to ensure a safe and sound manner and that services provided are accurate, with reliable financial information to regulators and other stakeholders involved.

f. Coordination with other regulators

This is another important method of regulatory oversight as far as online financial transactions within financial institutions are concerned. It has to do with a structured collaboration and interoperability between financial institutions, telecommunication operators, cyber security, and competent consumer protection bodies to make sure that such digital financial operations carried out by the various financial institutions are not just secured and transparent, but that these institutions comply with national and regional regulatory demands. It involves standard collaboration and working in synergy with other financial operators and communicating with different regulatory bodies to ensure comprehensive and effective supervision of digital financial services put in place in the case of online financial transactions. Such a coordination is very important when it comes to what is upheld in the microfinance sector, which carries out its activities at a moment where there is a strong involvement of technology in financial activities and a visible intersection of finance and technology, often serving the underserved and the less privileged with inadequate digital awareness. [³⁰] The ability of such an oversight to prevent possible regulatory fragmentation, limit compliance hurdles, and ensure a proper and uniform approach to risk management explains why it is very important. It is also to address the multifaceted nature of digital financial transactions and ensure that every aspect of the regulatory oversight is protected. In the digital finance landscape, where challenges such as cyber fraud, data violations, and money laundering are gaining ground, a single regulatory body with limited powers cannot effectively tackle this solely. A coordinated regulatory initiative, which is done in collaboration with other entities, permits joint inspections, shared strategies, intelligence, and harmonized enforcement actions, which

could possibly bring about a standard and effective oversight. The viability and resilience of the financial sector in general and MFIs in particular rely significantly on the possibilities and capabilities of the various competent regulators to work in collaboration with other entities in managing, regulating digital transactions and ensuring compliance within several domains. [³¹] To ensure the implementation of such an oversight in Cameroon, a coordination has been kept in the hands of key institutional bodies such as the National Economic and Financial Committee (CNEF), which works in collaboration with several regulatory bodies, among which we have the Ministry of Finance and BEAC. Also, the National Agency for Information and Communication Technologies (ANTIC), which is an important and outstanding regulatory body, cooperates most especially with competent regulatory bodies with the main aim of monitoring cyber security hurdles, thereby better protecting consumers and their rights. The various national and regional regulatory frameworks call on stakeholders and regulatory bodies to ensure inter-agency collaboration, especially as concerns the supervision of digital financial activities. [³²] This explains why it is constant to see the existence of ANTIC, ART, ANIF and many other institutions whose main focus is to ensure that the various consumers of digital financial services are protected against abuses. Also, collaboration with the Central Bank and other financial institutions, such as the Ministry of Post and Telecommunication, is essential for mobile telephone network operations is very essential. Coordination with telecommunications and technology regulators is of great importance, given the nature of transactions which necessarily make use of these advanced technological facilities. It addresses issues involving mobile money, electronic transfers, and other digital payment methods. We also have consumer protection authorities who come in to ensure the respect of norms relating to the implementation of laws and frameworks aimed at protecting consumers' rights. Anti-money laundering and financial crime regulators, data security, and cyber security regulators are not to be left out.

III. The rationale of regulatory oversight of online transactions

Consumer protection is a key aspect of regulatory safeguards when it comes to digital financial transactions as its main objective is to ensure that rights and interest of users of these financial services are protected as they engage in the use of digital facilities to carry out day-to-day financial transactions. The rationale of regulatory oversight brings out the different reasons

²⁹ Supra n.28

³⁰ Richard P Christen, Timothy Lyman and Richard Rosenberg, Microfinance Consensus Guidelines: Guiding Principles on Regulation and Supervision of Microfinance (CGAP, 2003)

³¹ Supra n.29

³² 31 Ibid and FasterCapital, Microfinance Regulation: The Challenges and Opportunities of Microfinance Regulation in Developing Countries (2025) retrieved from <https://fastercapital.com/content/Microfinance-Regulation--The-Challenges-and-Opportunities-of-Microfinance-Regulation-in-Developing-Countries.html>. Accessed 15 January 2026

why regulatory mechanisms and frameworks on digital financial services within the microfinance sector should exist. It is very essential to point out that the regulatory oversight here depends on four interrelated concepts which includes consumer protection, compliance with regulatory frameworks, financial stability, and risk management. Everyone of this concept is anchored in the existing and applicable regulatory safeguards which directly or indirectly applies to various activities carried out by MFIs. With respect to consumer protection, there exist different ways by which regulatory oversight of online transactions, especially within financial institutions in general, can help to promote consumer protection. Digital financial activities, especially in MFIs is often carried out in areas where most of the population is not financially literate and are exposed to different forms of exploitation. The digital landscape, especially in such isolated areas, is vulnerable to various types of fraud, such as identity theft, phishing scams, and fake websites. Regulatory oversight helps in putting in place standards and effective regulations to prevent fraud and protect consumers from falling victim to fraudulent or malicious activities. Oversight also helps in ensuring transparency in the various digital contracts or engagements, usually entered into unknowingly. Consumers, in most cases, share personal and important information when carrying out online transactions, and as a result, regulatory oversight ensures that institutions in charge of handling this data comply with strict privacy regulations to prevent unauthorized access and misuse of consumer data or personal information. Also, online merchants may engage in unfair and abusive practices like deceptive advertising, overcharging, or misleading product descriptions, which may cause prejudice to the beneficiary. Consumer protection regulations set standards for transparency and fairness in digital financial transactions, ensuring that consumers are not misled or exploited. Aside from such consumer protection mechanisms, digital financial transactions are exposed to illicit flows, which necessitate the putting in place of standard KYC requirements and transaction monitoring techniques to ensure that institutions do not expose their clients to abuses or potential violations by ill-intended individuals and even personnel of the institutions. A regulatory oversight involving cyber security strategies is essential, especially concerning online financial transactions. This is so because it ensures that minimum cyber security demands are put in place and that the regulatory frameworks put in place to protect clients from data theft, unauthorized access, and retraction of erroneous transfer are complied with or enforced.

To add, such oversight helps to limit market concentration and monopoly by ensuring the enforcement of antitrust regulatory mechanisms and promoting fair competition. Regulatory frameworks that address issues that has to do with market dominance,

anti-competitive activities and unfair trading behaviors can bring about a level playing field for businesses thereby enabling innovations and diversity within the market. By controlling the market dynamics and ensuring the enforcement of competitive regulatory mechanisms, regulatory bodies can help in the promotion of competitive landscape which benefits businesses and users.

Putting in place regulatory mechanisms that has do with licensing, market access and behavior will help in the creation of a level playing ground for different stakeholders engaging in digital financial sector thereby preventing not just monopoly but also ensuring fair competition among these stakeholders. Aside this, regulatory oversight can also bring about standard developments and improvement in digital financial transactions as it will provide safeguards that ensures the development and adoption of new technologies, products and services. Flexible and technology-neutral regulatory oversights which are supportive of innovation can create a landscape where businesses are incentivized to invest in research and development to enhance their online offerings. By striking a balance between promoting innovation and ensuring consumer protection, regulators can drive technological advancements in the digital financial transaction sector.

IV. Assessment of regulatory laxity and challenges

Ineffective regulatory frameworks are often observed in several domains of the society, especially in the present society, which has become a global village with the advent of technology. The financial sector and microfinance in particular are some of the domains experiencing this ineffectiveness. This comes as a result of the laxity of the competent regulatory authorities in putting in place adequate frameworks to ensure the smooth functioning of this sector. The fast increase of MFIs has been accompanied by a rapid and relative increase in online transactions, which came with a lot of success on the one hand and numerous challenges on the other hand.^[33] Notwithstanding the efforts and successes that online transactions have come with within the microfinance, especially as it has greatly promoted financial inclusion and access to financial services by underprivileged populations, they have brought enormous and new regulatory challenges. Many have raised the issues of regulatory laxity on the part of competent authorities, which could be at the helm of the numerous fraudulent activities, data breaches, money laundering, and many other financial crimes, thereby leaving the consumer vulnerable to such abnormalities. Assessing the regulatory environment for online transactions within the microfinance sector is of extreme importance for ensuring effective and sustainable financial inclusion. Regulatory frameworks must foster and ensure the balance of innovative mechanisms aimed at safeguarding the rights of consumers and promoting

³³ Supra n.17

financial stability. Regulatory laxity here simply refers to a lack of effective and strict regulations in ensuring effectiveness in a particular domain, which in this case is online transactions within the microfinance sector. Regulatory laxity in the oversight of digital activities, especially online financial transactions within financial institutions like those of microfinance originate from hurdles between formal regulatory safeguards and enforcement strategies, which create serious vulnerabilities regarding consumer protection, cyber security, and financial integrity within the sector. Regardless of the fact that the microfinance sector within CEMAC member states is regulated by COBAC and BEAC, with Regulation No. 01/02/CEMAC-UMAC-COBAC establishing prudential standards for MFIs, enforcement remains very ineffective, especially as concerns the digital environment which has caused the existence of several challenges some of which includes;

a. Lack of implementation and inconsistencies in the enforcement of regulatory frameworks

The implementation of such regulatory mechanisms in Cameroon remains a nightmare. This is because several MFIs and financial institutions do not have the technological facilities which could play an important role in supporting real-time monitoring and also ensuring the security of digital platforms used for such financial transactions. The enforcement of regulatory mechanisms is often inconsistent, and this comes as a result of limited supervisory capacity, with such institutions lacking the required personnel to ensure the respect of the various demands within the sector. In Cameroon, some towns like Bamenda, which records high rate of microfinances, struggle with compliance demands as a result of the limited resources and weak governance landscapes. [34]

b. Emphasis is laid principally on prudential regulatory frameworks

COBAC regulatory mechanisms pay attention to licensing strategies, solvency, and obligations to report suspicious activities; they do not have detailed provisions on online financial activities within financial institutions, cyber security, and consumer safeguards that meet digital financial demands.[35] Such regulatory hurdles have caused the microfinance sector to venture into mobile money and other digital platforms with the aim of facilitating its operations without putting in place a robust oversight strategy that exposes consumers to fraud and ineffective data protection.

c. Lack of resources to ensure proper regulatory approaches

Several MFIs in Cameroon face resource constraints, limited digital infrastructure, and low customer literacy as a result of the adoption of such digital platforms and mobile money transfer facilities. This is very common with category one and two MFIs, which are not just located in most cases in isolated areas, but also do not have the required resources to put in place standard technological facilities to ensure the implementation of eKYC demands. Financial inclusion strategies have paid attention to access over security, and this has led to a fast increase in digital transactions without putting in place adequate risk management mechanisms.

d. Continuous existence of complex regulatory frameworks and Limited technical abilities

Many persons and individuals investing within the microfinance sector face complex regulatory frameworks, which are often deemed to be incomplete, especially in situations where traditional compliance requirements are less cumbersome and clear, but there are less developed digital transaction mechanisms for supervision. COBAC's supervisory mechanisms are mostly traditional, manual and retrospective, not compatible with real-time monitoring of digital transfers and mobile-based savings strategies [36]. Also, regulatory laxity when it comes to online transaction especially within the microfinance sector across Sub-Saharan Africa, often exists as a result of limited technical abilities and limited adaptation to evolving technological innovations. [37] Such is demonstrated by the existence of weak KYC and AML enforcement strategies, regardless of the formal obligations under CEMAC Regulations and other national instruments. Cases of fraud within financial institutions in Cameroon often exploit online hurdles, with the regulatory body constantly trying to respond reactively rather than proactively to such attacks. [38] Such a laxity also comes as a result of institutional fragmentation. For instance, COBAC, which is the main regulatory body, is just out to set prudential rules, while enforcement of such rules largely depends on national laws and regulatory bodies, which in most cases do not have the required resources and technical capacities to audit online systems. [39] This has brought about incompatibility between policy ambition and regulatory abilities, thereby exposing consumers to vulnerabilities and threats such as cyber fraud, unauthorized access and deductions, and inefficient dispute resolution strategies.

³⁴ D C Fonchamnyo, T Anyangwe, N N Chantal and G D Dinga, 'Capital Structure and Financial Sustainability: Stakes of Microfinance Institutions in Bamenda, Cameroon' (2023) 9 *Future Business Journal* 41

³⁵ Supra n.31

³⁶ J Nkwain, 'Digital Financial Inclusion and Regulatory Challenges in Cameroon' (2021) 13 *African Journal of Finance and Policy* 45.

³⁷ T Beck, L Senbet and W Simbanegavi, 'Financial Regulation in Africa: Challenges and Opportunities' (2018) 19(2) *Journal of Banking Regulation* 110

³⁸ R Tchoumba. Fraud and Consumer Protection in Cameroonian Microfinance (2020)64(1) *Journal of African Law*, 89–105

³⁹ Supra n.35

e. Lack of specific regulation on online transaction within the MFIs and limited interoperability between institutions.

The lack of regulatory frameworks that pay special attention to digital financial activities contrasts sharply with Kenya's regulatory policies, which have put in place detailed regulatory guidelines for mobile money operators. Such underscores Cameroon's lag in adapting to evolving technological realities, which has a great impact on the regulatory oversight. Also, disparity in the enforcement of regulatory mechanisms and the various hurdles in inter-agency coordination limit the effectiveness of the various frameworks. [40] Regardless of the existence of various demands on interoperability and collaboration, it is important to note that the effectiveness of such collaboration and coordination in Cameroon has remained a nightmare. The persistence of the various hurdles, such as overlapping mandates, lack of real-time data sharing, and inadequate technical capabilities among regulatory bodies, makes it very difficult for such an oversight to succeed. Financial institutions in Cameroon are constantly faced with the difficulty of compliance demands coming from different regulatory authorities, thereby bringing in confusion, inefficiency and cost of operation. The inexistence of a centralized digital regulatory authority and platform, the existence of weak AML/CTF mechanisms, inter-agency collaboration or interoperability, prevent a timely identification and resolution of potential threats that could exist within the financial sector and most particularly as concerns MFIs. [41]

f. Limited auditing

The effectiveness of external and independent audits within the Cameroonian territory is limited by several hurdles. Several MFIs carry out its activities in an environment where auditors face pressure from heads of institutions, which in most cases only contributes to compromising not only their independence but also the reports made. Aside from this, the shortage of auditors, especially those with expertise in IT-related facilities and cyber security, which plays a significant role in preventing a proper evaluation of digital transaction platforms, is constantly experienced. Several financial institutions take advantage of these loopholes to either make compromised financial statements or give inexact digital reports in violation of regulatory demands. The unavailability of facilities used in carrying out such an

audit, coupled with limited regulatory possibilities to ensure a proper follow-up on the various findings related to such an audit, helps in weakening the overall impact of this regulatory oversight. [42] Regardless of the efforts put in place with respect to data protection, implementation has remained slow due to limited regulatory abilities and a lack of standard coordination within regulatory bodies. [43] The lack of standard frameworks exposes financial institutions, most especially in less developed societies, to key operational and reputational threats. [44] These refer to measures and practices put in place to ensure the protection of sensitive information from persons who are not authorized to have access, disclose, alter, or destroy such important information. Within the context of online transactions in the microfinance sector in Cameroon, these measures are extremely important in ensuring the security and confidentiality of consumers of these products, especially as concerns personal data during these transactions.

V. Recommendations for regulatory improvements

Digital financial services, which are a growing aspect in the microfinance sector, have experienced a lot of challenges that need to be looked into. The main objectives of these innovations are to ensure the smooth functioning of the sector and make sure that the rights of the consumers of these services are not being violated either by the operator or any other stakeholders. There exist several important elements that, if taken into consideration, digital financial services within the microfinance sector will not only be a success but will also meet the principal objective of the sector, which is that of financial inclusion.

To begin, strengthening regulatory frameworks is one of the most important measures to be taken to ensure the smooth functioning of the sector. This has to do with updating the existing regulations to incorporate specific provisions for digital financial services, enhancing the capacity and specialized expertise of regulatory authorities to effectively supervise and enforce compliance among MFIs, improving coordination and collaboration between different regulatory bodies and industry stakeholders, and enhancing consumer protection measures, such as data privacy regulations and grievance redressal mechanisms. By doing so, in the regulatory environment, Cameroon

⁴⁰ Supra n.12

⁴¹ FasterCapital, Microfinance Regulation: The Challenges and Opportunities of Microfinance Regulation in Developing Countries (2025) retrieved from <https://fastercapital.com/content/Microfinance-Regulation--The-Challenges-and-Opportunities-of-Microfinance-Regulation-in-Developing-Countries.html>. Accessed 15 January 2026

⁴² AG Foka Tagne, 'The Place of External Audit and the Institutional Environment in the Manipulation of Financial Statements Produced by Microfinance

Institutions in Cameroon' (2024) (162) *Recherches en Sciences de Gestion* 153

⁴³ Supra n.25

⁴⁴ Lawrence Damilare Oyeniyi, Chinonye Esther Ugochukwu and Noluthando Zamanjomane Mhlongo, 'Developing Cybersecurity Frameworks for Financial Institutions: A Comprehensive Review and Best Practices' (2024). Retrieved from ResearchGate <https://www.researchgate.net/publication/379905772>. Accessed 15 January 2026.

can promote financial inclusion, protect consumers, and ensure the integrity and sustainability of online transactions in the microfinance sector. Regularly reviewing and updating regulations to keep pace with technological advancements and emerging risks in the digital financial space will help the sector to grow.

Also, capacity building is an essential recommendation to address the potential regulatory laxity of online transactions in MFIs, not just in Cameroon but in Africa as a whole. This includes enhancing the capacity and specialized expertise of the regulatory authorities who are responsible for monitoring and overseeing the activities of the microfinance sector, such as the COBAC, the central bank, the Ministry of Finance, and other institutions. This can be obtained through specialized training for regulatory staff, investing in technology and data analytics tools, and ensuring sufficient resources to effectively monitor and supervise the digital transformation of the microfinance sector, including online transactions. Additionally, fostering collaboration and knowledge sharing among regulatory authorities, both within Cameroon and across the Central African region, can further strengthen the regulatory capacity to address the unique challenges and risks posed by digital financial services in the microfinance sector. Providing training and capacity-building programs for regulatory authorities, microfinance institutions, and relevant stakeholders to enhance their understanding of online transaction regulations and compliance requirements will go a long way to ensure the evolution of digital financial services in the microfinance sector. Fostering collaboration and knowledge-sharing among regulatory bodies to improve coordination and enforcement mechanisms is another positive alternative.

Thirdly, putting in place robust risk assessment and monitoring mechanisms is an essential recommendation to address the potential regulatory laxity of online transactions in MFIs in Cameroon. This involves comprehensive risk identification and assessment measures, developing risk-based regulatory safeguards, establishing consistent monitoring and supervision mechanisms, fostering collaborative efforts and data sharing among relevant agencies, and building the capacity and specialized expertise of regulatory authorities to effectively oversee the digital transformation of the microfinance sector. By adopting this multifaceted approach, Cameroon can enhance its ability to identify, mitigate, and respond to the evolving risks associated with online transactions in the microfinance industry, addressing the potential regulatory laxity in this domain. Establishing regular audits and inspections to evaluate compliance with regulatory standards and detect any irregularities or vulnerabilities will also be of great importance.

Additionally, conducting public awareness campaigns is a crucial aspect of addressing the potential

regulatory laxity of online transactions in MFIs in Cameroon. This has to do with educating consumers on the benefits, risks, and responsible use of digital financial services, enhancing financial literacy, promoting transparency and accountability in the digital microfinance sector, and adopting a collaborative approach among regulatory authorities, MFIs, consumer protection agencies, and other stakeholders. By empowering the public, building trust in the digital microfinance ecosystem, and complementing regulatory oversight, these awareness campaigns can help address the potential laxity in the supervision of online transactions in the microfinance sector. Conduct public awareness campaigns to educate consumers, microfinance clients, and the general public about their rights, responsibilities, and safeguards related to online transactions. Raise awareness about the importance of regulatory oversight in ensuring the integrity and security of digital financial services in Cameroon.

Adopting and implementing a framework of continuous evaluation and improvement is also an essential recommendation to address the problems of regulatory laxity of online transactions in MFIs in Cameroon. This includes ongoing monitoring and evaluation, quick response to evolving trends, regulatory sandboxes and pilot testing, collaborative learning and knowledge sharing, and capacity building and technological adoption. By continuously assessing the effectiveness of regulations, adapting to the dynamic digital microfinance landscape, and enhancing regulatory capabilities, this approach can help mitigate the potential for laxity in the supervision of online transactions in the MFI sector. Regularly evaluate the effectiveness of regulatory measures and interventions in addressing regulatory laxity in online transactions within the microfinance landscape. Solicit feedback from stakeholders, conduct periodic reviews, and adapt regulatory strategies based on lessons learned and emerging trends in the digital financial landscape.

VI. CONCLUSION

The regulatory mechanisms of digital financial transactions within MFIs in Cameroon is an important issue which requires standards and comprehensive measures to address so as to affect the effects which may come as a result of the regulatory laxity observed. Technological advancement and the digitalization of the microfinance sector have surpassed the ability of the various regulatory authorities to effectively meet up with constant risks which only continues to exposed the consumers of digital financial services to several vulnerabilities within the society such as fraud, identity theft, lack of consumer protection strategies, compromise financial stability and the limited financial inclusion policies or efforts. To eliminate these hurdles, regulatory authorities within the country has to put in place a multifaceted approach which must include robust risk assessment and monitoring strategies, public literacy campaigns, consistent evaluation and improvement

strategies without ignoring the development of standard and specific expertise within regulatory bodies. By so doing, such a financial sector in Cameroon shall foster a more secure, transparent, and inclusive financial environment which will further enhance resilience and development of the microfinance sector as a whole.

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