



2019 ANNUAL REPORT

(Translated from the original French)

October 4, 2021



Abidjan, May 26, 2020

The Chairman

During the 2019 financial year, on the domestic front, the economies of the West African Monetary Union (WAMU) benefited from an improved business climate and ongoing investments in public infrastructure. The Gross Domestic Product (GDP) of the Union's Member States grew by 6.1% in real terms in 2019, compared to 6.4% in 2018.

These economic conditions contributed to an upturn in the activity indicators of the institutions subject to the supervision of the Banking Commission. The average levels of the solvency ratios for both credit institutions and large micro finance institutions were above the minimum standards in force.

On the regulatory front, 2019 was marked in particular by the adoption of a methodology for identifying Systemically Important Financial Institutions (SIFIs) as well as the publication of Instruction No. 003-07-2019 of July 23, 2019, on the recognition of External Credit Assessment Institutions (ECAIs) for prudential purposes. These regulatory developments contributed to strengthening financial stability in WAMU, through appropriate monitoring of the risk profile of regulated institutions.

Furthermore, preparations for the operationalization of the mechanism for the prevention and resolution of banking crises continued, in particular with the drafting of preventive recovery plans to be produced by regulated institutions, as well as the drafting of resolution plans to be drawn up by the Banking Commission's Resolution College.

As part of its activities, the General Secretariat of the Banking Commission continued work on the renovation of its working methods and tools. Following the production in 2018 of the Credit Institutions Register Application dedicated to following up the administrative matters of regulated institutions, an application on the management of onsite assignments and follow-up on recommendations was introduced in 2019.

In addition, the third phase of the project to modernize the information system of the General Secretariat of the Banking Commission pertaining to offsite controls has been initiated. At the same time, in order to optimize the supervision of regulated institutions, new guides for on-site audits of regulated entities (financial companies, credit institutions, electronic money institutions and microfinance institutions) have been finalized. A new consultation process was also introduced prior to the adoption of the conclusions of the audits of regulated institutions, based on international standards.

In terms of audits of regulated institutions, fifty-one (51) regulated entities were audited in 2019, namely thirty-six (36) credit institutions and financial companies, eleven (11) micro finance institutions (MFIs) and four (4) electronic money institutions. Joint inspections were also conducted as part of the implementation of memorandums of understanding with fellow supervisory authorities, including the Central Bank of Nigeria, the French Prudential Control and Resolution Authority, the Central African Banking Commission (COBAC) and Bank Al-Maghrib of Morocco. In its capacity as home supervisor and, like in previous years, the General Secretariat of the WAMU Banking Commission coordinated two meetings of the Colleges of Supervisors of two (2) banking groups, for purposes of cross-border supervision. It also organized the 4th edition of meetings with the Chief Executive Officers and Statutory Auditors of credit institutions.

In 2020, priority will be placed on monitoring systemically important banking institutions, with the publication of a list of these institutions and the determination of the capital buffer applicable thereto. Actions relating to the crisis resolution framework will also be pursued, with a view to operationalizing the mechanism.

Overall, the Banking Commission's actions in 2019 were geared towards strengthening the resilience of the WAMU financial system, particularly through identifying vulnerabilities and monitoring risks. This orientation will be continued in 2020 in order to preserve the soundness of the system, in the context of the COVID-19 health crisis.

Tiémoko Meyliet Koné



Tiémoko Meyliet Koné

Governor of the Central Bank of West African States,
Chairman of the WAMU Banking Commission

LIST OF THE MEMBERS OF THE SUPERVISORY COLLEGE AS AT DECEMBER 31, 2019

Chairman: Mr. Tiémoko Meyliet Koné
Governor of the BCEAO

	MEMBERS REPRESENTING THE STATES	MEMBERS APPOINTED BY THE COUNCIL OF MINISTERS
BENIN	<p>Mr. Clément Yaovi Aziagnikouda Director of Treasury at the General Directorate of the Treasury and Public Accounts at the Ministry of the Economy and Finance of Benin</p>	<p>Mr. Epiphane Adjovi Economist</p>
BURKINA FASO	<p>Mr. Célestin Santéré Sanon Director General of Treasury and Public Accounting at the Ministry of the Economy, Finance and Development of Burkina Faso</p>	<p>Mr. Moussa Jean Christophe Milogo Jurist</p>
CÔTE D'IVOIRE	<p>Mr. Konan Jacques Assahoré Director General of Treasury and Public Accounting at the Ministry of the Economy and Finance of Côte d'Ivoire</p>	<p>Mr. Tiépori N'Golo Coulibaly Economist</p>
GUINEA-BISSAU	<p>Ms. Maria Bona GANÓ SÓ Director General, Supervision of Financial and Insurance Activities, Ministry of Economy and Finance of Guinea-Bissau</p>	<p>Mr. João Alage Mamadù Fadia Financial and Accounting Auditor</p>
MALI	<p>Mr. Sidi Almoctar Oumar National Director of Treasury and Public Accounting at the Ministry of the Economy and Finance of Mali</p>	<p>Mr. Boubacar Touré Financial and Accounting Auditor</p>
NIGER	<p>Mr. Baaré Marankan Badage Director of Currency, Credit and Savings at the Ministry of Finance of Niger</p>	<p>Mr. Zouladaïni Malam Gata Public Financial Inspector</p>
SENEGAL	<p>Mr. Moussa Touré Director of Currency and Credit at the Ministry of Economy, Finance and Planning of Senegal</p>	<p>Mr. Amadou Sadickh Diop Economist</p>
TOGO	<p>Ms. Ahéba Johnson Director-General of Economic Studies and Analysis at the Ministry of Economy and Finance of Togo</p>	<p>Mr. Afanou Kodjo Théophile Locoh Corporate Director</p>
FRANCE	<p>Mr. Paul Teboul Head of the "Sub-Saharan Africa and French Development Agency" Office - General Directorate of the Treasury and Economic Policy at the French Ministry of Economy and Finance</p>	<p>Mr. Christian Durand Economist</p>

Secretary General of the Banking Commission: **Ms. Séna Elda Afiwa Kpotsra**

LIST OF THE MEMBERS OF THE RESOLUTION COLLEGE AS AT DECEMBER 31, 2019

Chairman: Mr. Tiémoko Meyliet Koné
Governor of the BCEAO

Representative of the State holding the Chairmanship of the WAMU Council of Ministers in the Supervisory College	Mr. Clément Yaovi Aziagnikouda Director of Treasury at the General Directorate of the Treasury and Public Accounts at the Ministry of the Economy and Finance of Benin
Director of the West African Monetary Union Deposit Guarantee and Resolution Fund (FGDR-UMOA)	Mr. Habib Soumana Director, FGDR-UMOA
Member appointed by the WAMU Council of Ministers	Mr. Akuété Santos Associate Professor of Law

N.B.: When a regulated institution is subject to a resolution procedure, the Representative of the Supervisory College of the State where it is located is asked to participate in the proceedings as a non-permanent voting member.

Secretary General of the Banking Commission: **Ms. Séna Elda Afiwa Kpotsra**

HIGHLIGHTS OF 2019

January 14

Meeting with an IMF delegation in the context of the regional consultations under Article IV of the IMF's Articles of Agreement, in Abidjan, Côte d'Ivoire

January 31- February 8

32nd meeting of the College of Supervisors of the West African Monetary Zone (WAMZ) in Accra, Ghana

February 15

Meeting of the Franc Zone Liaison Committee on Money Laundering (CLAB) in Dakar, Senegal

March 18

155th session of the Supervisory College of the WAMU Banking Commission in Abidjan, Côte d'Ivoire

March 22

Ordinary session of the WAMU Council of Ministers Dakar, Senegal

March 27-28

Meeting of the Ministers of Finance of the Franc Zone in Niamey, Niger

April 8-14

Spring meetings of the IMF and the World Bank, in Washington DC, USA

April 16-18

33rd meeting of the WAMZ College of Supervisors in Accra, Ghana

May 3

4th set of meetings between the General Secretariat of the WAMU Banking Commission (SGCB) and the CEOs and Statutory Auditors of credit institutions and financial companies of the WAMU Union, in Dakar, Senegal

June 13

15th ordinary session of the WAMU Financial Stability Committee (CSF-UMOA) in Dakar, Senegal

June 19

116th session of the Supervisory College of the WAMU Banking Commission in Abidjan, Côte d'Ivoire

June 21

Ordinary session of the WAMU Council of Ministers in Cotonou, Benin

June 24-25

7th annual meeting between the WAMU SGCB and the General Secretariat of the Central African Banking Commission (COBAC) in Abidjan, Côte d'Ivoire

August 16-23

34th meeting of the WAMZ College of Supervisors in Conakry, Guinea

September 18

117th session of the Supervisory College of the WAMU Banking Commission in Abidjan, Côte d'Ivoire

September 27

Ordinary session of the WAMU Council of Ministers in Ouagadougou, Burkina Faso

October 9

Meeting of the Franc Zone Liaison Committee on Money Laundering (CLAB) in Paris, France

October 10-11

Meeting of the Ministers of Finance of the Franc Zone in Paris, France

October 15-20

Annual meetings of the IMF and the World Bank, in Washington DC, USA

October 18

5th meeting of the College of Supervisors of ORAGROUP in Abidjan, Côte d'Ivoire

October 21-25

35th meeting of the WAMZ College of Supervisors in Aburi, Ghana

October 28-29

5th meeting of the College of Supervisors of the Ecobank group in Abidjan, Côte d'Ivoire

October 30-31

International conference on Financial Technology (FinTech) companies in Dakar, Senegal

November 18-23

2nd edition of the WAEMU Financial Inclusion Week, on the subject of "Digitalization for financial inclusion"

December 13

2nd Meeting of the Resolution College of the WAMU Banking Commission in Abidjan, Côte d'Ivoire

December 16

118th session of the Supervisory College of the WAMU Banking Commission in Abidjan, Côte d'Ivoire

December 17

Banking Commission seminar on the implementation of disciplinary and financial sanctions, in Abidjan, Côte d'Ivoire

December 20

Ordinary session of the WAMU Council of Ministers Dakar, Senegal

December 27

Extraordinary session of the WAMU Council of Ministers in Abidjan, Côte d'Ivoire

KEY FIGURES IN 2019

A. KEY FIGURES OF THE BANKING SYSTEM

A.1. Trends in the WAMU banking landscape between 2017 and 2019

WAMU	2017	2018	2019	Relative change 2019/2018
Licensed credit institutions	144	147	151	2.7%
Banks	126	128	130	1.6%
<i>Including branches</i>	20	21	19	-9.5%
Bank-like financial institutions	18	19	21	10.5%
<i>Including branches</i>	4	4	4	0%
Credit institutions in operation (*)	138	143	148	3.5%
Majority state-owned banks	10	10	16	60.0%
BANKING NETWORK				
Windows (branch offices and outlets)	3,202	3,629	3 728	2,7%
Automated Teller Machines	2,708	3,206	3 378	5,4%
Number of employees of the banking system	29,163	31,005	32,294	4.2%
Number of customer accounts	11,487,260	12,532,936	13,791,669	10.0%
BANKING GROUPS AND FINANCE COMPANIES IN OPERATION IN WAMU				
Banking groups operating in the Union	30	29	29	0%
Finance companies operating in the Union	11	10	16	60.0%
<i>Including financial holding companies</i>	9	8	12	50.0%
<i>Intermediate financial holding companies</i>	2	2	4	100%

(*) Including branch offices

Source: General Secretariat of the WAMU Banking Commission

A.2. Activity indicators of credit institutions on an unconsolidated basis

Amounts in billions of CFA F

WAMU	2017	2018	2019 (*)	Relative change 2019/2018
Balance sheet total	35,365.4	37,639.7	41,258.6	9.6%
Loans	18,863.1	20,849.1	22,924.0	10.0%
Other banking assets	11,707.2	11,846.3	12,979.1	9.6%
Deposits and borrowings	22,742.9	25,119.2	27,836.7	10.8%
Equity and similar resources	2,941.7	3,204.8	3,724.2	16.2%
Other resources	1,354.3	1,426.4	1,568.7	10.0%
Net banking income	1,857.1	1,971.8	2,057.3	4.3%
Gross operating income	762.5	720.3	829.1	15.1%
Net income	368.5	379.4	542.3	42.9%

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

A.3. Key ratios of credit institutions on an unconsolidated basis

WAMU	2017	2018	2019 (*)	Absolute change 2019/2018
Gross non performing loan (NPL) rate	13.0%	12.5%	11.5%	-1.0
Net NPL rate	5.4%	5.1%	4.6%	-0.5
Provisioning coverage of overdue loans	61.6%	62.2%	63.2%	1.0
Aggregate margin	5.4%	5.2%	4.9%	-0.3
Net cost-to-income ratio	65.9%	68.0%	65.3%	-2.7

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

A.4. Main prudential solvency indicators of the banking system

WAMU	2017	2018	2019 (*)	Change 2019/2018
Total capital	2,181.50	2,565.90	2,873.40	12,0%
Risk-weighted assets	18,657.0	23,662.00	24,865.10	5,1%
Total solvency ratio (%)	11.7%	10.8%	11.6%	0.7
Risk concentration limit (%)	-	64.4%	67.9%	3.5
Leverage ratio (%)	-	6.3%	6.2%	-0.2

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

A.5. Financial company activity indicators

Amounts in billions of CFA F

WAMU	2017	2018	2019 (*)	Relative change 2019/2018
Balance sheet total	20 929	27,970	29,165	4.3%
Loans and advances to customers	9 711	13,524	13,759	1.7%
Customer deposits	13 883	18,579	19,422	4.5%
Equity	1,965	2,289	2,320	1.3%
Net banking income	1,552	1,822	1,873	2.8%
Net income	232	255	260	1.7%

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

A.6. Main prudential indicators of financial companies

WAMU	2018	2019 (*)	Change 2019/2018
Total capital	1,978	2,395	21.1%
Risk-weighted assets	16,180	18,287	13.0%
Total solvency ratio (%)	12.2%	13.1%	0.9
Risk concentration limit (%)	24.3%	32.0%	7.7
Leverage ratio (%)	6.8%	7.0%	0.2

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

B. KEY FIGURES FOR MICROFINANCE INSTITUTIONS (MFIs) SUBJECT TO ARTICLE 44¹

B.1. Trends in the landscape of MFIs subject to Article 44 between 2017 and 2019

WAMU	2017	2018	2019	Relative change 2019/2018
Number of MFIs subject to Article 44	146	158	174	10,1%
Umbrella organizations	62	70	75	7,1%
Affiliated banks	84	88	99	12,5%

Source: General Secretariat of the WAMU Banking Commission

B.2. Financial activity indicators of MFIs subject to Article 44

Amounts in billions of CFA F

WAMU	2017	2018	2019 (*)	Relative change 2019/2018
Balance sheet total	1,860.8	1,907.0	2,083.5	9.3%
Loans to customers	1,067.2	1,081.8	1,183.8	9.4%
Other uses	229.1	231.3	251.4	8.7%
Deposits and borrowings	965.2	892.6	1,000.3	12.1%
Total equity capital	355.8	367.9	407.7	10.8%
Other resources	107.6	105.5	93.0	-11.9%
Net financial income	193.6	201.2	220.5	9.6%
Net result	19.5	10,3	28.2	172.9%

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

B.3. Financial activity indicators of MFIs subject to Article 44

WAMU	2017	2018	2019 (*)	Absolute change 2019/2018
Gross NPL ratio	5.3%	4.7%	4.6%	-0,1
Net NPL ratio	2.8%	3.4%	3.3%	-0.1
Provisioning coverage of overdue loans	47.9%	29.4%	27.7%	-1,7
Profit margin ²	5.1%	5,3%	6.7%	1,4
Cost-to-income ratio	74.7%	78.0%	79.1%	1.1

(*) Preliminary figures

Amounts in billions

Source: General Secretariat of the WAMU Banking Commission

B.4. Main prudential indicators of MFIs subject to Article 44

WAMU	2018	2019 (*)	Change 2019/2018
Equity capital	236	416	76.1%
Risks-weighted assets	1,026	1,794	74.9%
Total assets	1,166	2,086	78.9%
Capitalization ratio (%)	20.2%	19.9%	-0.3
Liquidity ratio (%)	100.3%	107.2%	6.9

(*) Preliminary figures

Amounts in billions

Source: General Secretariat of the WAMU Banking Commission

¹ According to the provisions of Article 44 of the Law on the regulation of microfinance institutions and those of Instruction No. 007-06-2010 of the BCEAO relating to the modalities of supervision and sanctioning of MFIs by the BCEAO and the WAMU Banking Commission, the Central Bank and the Banking Commission shall proceed, after informing the Minister, with the supervision of all microfinance institutions whose business transactions reach a threshold of two (2) billion in outstanding deposits or loans at the end of two (2) consecutive fiscal years.

² Calculated by dividing net income by total operating revenue.

C. KEY FIGURES OF LICENSED ELECTRONIC MONEY ISSUING INSTITUTIONS (EMIs)

C.1. Trends in the EMI landscape between 2017 and 2019

WAMU	2017	2018	2019	Relative change 2019/2018
Licensed electronic money institutions	8	8	10	25,0%
Group of affiliated companies	3	3	3	0%

Source: BCEAO

C.2. EMI activity indicators

WAMU	2017	2018	2019 (*)	Relative change 2019/2018
Number of accounts opened	31 763 716	37 001 348	51009424	37,9%
Number of active accounts	13 834 113	17 917 236	24,284,589	35,5%
Number of non-active accounts (**)	17 929 603	19 084 112	20,402,369	6,9%
Number of transactions	1 096 699 154	1 715 269 383	2 201 664 002	28,4%
Value of the transactions (in billions of CFA F)	15 681	20 704	25 908	25,1%
Number of service points (ATMs, POS terminals, etc.)	187 116	281 977	439 585	55,9%
Number of active service points	128 941	189 461	276,840	46,1%

(*) Preliminary figures

(**) Accounts with no transactions over the past 90 days

Source: BCEAO

C.3. Main prudential indicators of EMIs

WAMU	2018	2019 (*)	Change 2019/2018
Coverage ratio (>= 3%)	11,5%	25,6%	14,1
Coverage ratio (>= 100%)	122,3%	117,6%	-4,7
Electronic money investment ratio (<= 25%)	26,0%	17,6%	-8,4

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

SUMMARY OF THE REPORT

In 2019, the WAMU banking system operated in a context marked by robust economic activity. The Union's real gross domestic product (GDP) grew by 6.1% in 2019 compared to 6.4% in 2018.

The number of licensed credit institutions in the WAMU Union increased by four (4) units to stand at one hundred and fifty-one (151) at the end of 2019. One hundred and forty-eight (148) of those institutions were active in 2019, as three (3) credit institutions approved during the year had not yet begun operating.

The number of banking groups operating in the Union remained stable compared to 2018, at twenty-nine (29). However, the number of finance companies rose from ten (10) in 2018 to twelve (12) in 2019.

The banking network continued to expand. The number of branches and offices and the number of customer accounts increased respectively by 99 units (+2.7%) and 1,258,733 units (+10.0%), reaching 3,728 and 13,791,669. The banking system had a total of 3,378 automated teller machines, up by 172 units (+5.4%).

The total balance sheet of operating credit institutions amounted to 41,258.6 billion, representing 9.6% growth over 2018.

Net uses³ increased by 9.8% to 35,903.1 billion, including 63.8% in loans to customers and 22.8% in investment securities. The gross and net non performing loans (NPL) ratios respectively stood at 11.5% and 4.6% 2019 compared to 12.5% and 5.1% in 2018.

Overall resources mobilized by the banking sector increased by 11.4% to stand at 33,129.6 billion. They were made up of 84.0% of customer deposits and borrowings, up 10.8% over the previous year. Equity and similar resources, which represented 11.2% of total resources, rose by 16.2% to 519.4 billion.

Net Banking Income (NBI) increased by 4.3% to 2,057.2 billion in 2019. As for gross operating income, it stood at 801.1 billion, up 11.2% compared to 2019. Net income, at 542.2 billion, increased by 42.9% compared to 2018. The net cost-to-income ratio dropped to 65.3% from 68.0% in 2018.

The average overall solvency ratio of the Union's credit institutions stood at 11.6% in 2019, above the minimum standard of 9.5% required at the end of 2019, as against 10.8% in 2018.

As at December 31, 2019, there were twelve (12) active financial companies in the Union, with a balance sheet total of 29,164.8 billion, up 4.3% year over year. Four (4) financial companies were in the process of being registered on that date.

Loans and receivables as well as customer deposits with financial companies increased in 2019, respectively by 1.7% and 4.5% as compared to 2018, to stand at 13,759.3 billion and 19,422.2 billion.

The overall average solvency ratio of the Union's financial companies was 13.1% in 2019, compared with 12.2% in 2018, an increase of 0.9 percentage point.

In the microfinance sector, the number of microfinance institutions (MFIs) subject to Article 44 of the law on the regulation of MFIs (umbrella institutions and basic banks) supervised by the Banking Commission stood at one hundred and seventy-four (174) at the end of 2019, compared with one hundred and fifty-eight (158) the previous year.

These institutions posted a balance sheet total of 2,083.5 billion, representing an increase of 9.3% compared to the end of 2018. Their net uses increased by 9.3%, reaching 1,435.2 billion at the end of 2019. Their resources increased by 9.9% to reach 1,501.0 billion. Gross and net NPL ratios fell by 0.1 percentage point each, respectively dropping from 4.7% and 3.4% in 2018 to 4.6% and 3.3% one year later.

The average capitalization ratio of these MFIs was 19.9% in 2019 compared to 19.3% in 2018, against a minimum standard of 15%.

The number of electronic money institutions stood at ten (10) in 2019 compared to eight (8) the previous year. The number of accounts opened stood at 50,336,223 and 48.2% of those accounts were active. Transactions carried out through cell phones involved a volume of 2,406,937,675 operations for a total amount of 26,097 billion at the end of 2019.

³ Net of provisions

In terms of its activities, the WAMU Banking Commission held five (5) ordinary sessions during the year 2019: four (4) pertaining to the Supervisory College and one (1) to the Resolution College.

Within the framework of permanent consultation with the banking profession, the Supervisory Authority organized the fourth set of meetings with General Managers and statutory auditors of credit institutions and financial companies in Dakar, Senegal. It also granted twenty-nine (29) audiences to managers of regulated institutions and banking groups.

In terms of cross-border supervision of banking groups based in the Union, the General Secretariat of the Banking Commission (SGCB) organized the fifth set of meetings of the Colleges of Supervisors of the Oragroup and Ecobank groups in Abidjan, Côte d'Ivoire. These annual meetings enabled the various members to exchange views on the activities and risk profiles of the entities of the said groups and review the status of the implementation of the recommendations of the previous meetings. The SGCB also attended six (6) meetings of the colleges of supervisors of foreign banking groups with subsidiaries in the Union.

In terms of collaboration with counterpart supervisory authorities, the seventh annual bilateral meeting between the General Secretariat of the WAMU Banking Commission and the General Secretariat of the Central African Banking Commission took place on June 24 and 25, 2019 in Abidjan, Côte d'Ivoire.

In addition, fifty-one (51) audit missions were carried out in 2019. They included thirty-two (32) specific audits of credit institutions, three (3) specific audits of financial companies in the Union, four (4) general audits of electronic money institutions, one (1) thematic audit on the fight against money laundering and the financing of terrorism (AML/CFT) and eleven (11) general audits of large MFIs.

The SGCB also contributed to the work carried out in preparation for the 15th and 16th ordinary sessions of the WAMU Financial Stability Committee (WAMU-FSC). These included an analysis of the key vulnerabilities that could affect financial sector resilience, macro-prudential surveillance indicators and financial system risk mapping.

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I. PRESENTATION OF THE WAMU BANKING COMMISSION



1.1 ROLES AND RESPONSIBILITIES OF THE BANKING COMMISSION

1.1.1. Remit and operations

Pursuant to the provisions of Article 2 of the Convention governing the Banking Commission, the Commission is responsible for ensuring the soundness and security of the WAMU banking system, in particular through the supervision of the regulated institutions (credit institutions, financial companies, microfinance institutions (MFIs) and electronic money institutions) and the resolution of banking crises. It ensures the protection of deposits and contributes to maintaining the stability of the regional financial system.

Since January 1, 2018, the Banking Commission has been structured around two (2) decision-making bodies, the Supervisory College and the Resolution College.

The Banking Commission is chaired by the Governor of the BCEAO. It meets on an as-needed basis, at the initiative of its Chairman or at the request of one third (1/3) of its members, at least twice a year in the case of the Supervisory College and at least once a year in the case of the Resolution College. Decisions are taken by a majority of the votes cast. In the event of a tie, the Chairperson shall have the casting vote.

The main responsibilities of the Banking Commission are:

- granting its approval to applications submitted to it for licences and various authorizations and exemptions;
- ensuring, on an ongoing basis, that the regulated institutions are in compliance with the legal and regulatory provisions applicable to their operations;
- monitoring and evaluating events that may have negative consequences for the soundness of the Union's banking system;
- ensuring that the regulated institutions comply with their professional obligations arising from the other legislation applicable to them;
- taking, in a timely manner, all administrative measures as well as all disciplinary or financial sanctions aiming to remedy any problems of security or soundness affecting a regulated institution;
- managing relations with the competent supervisory authorities of the host and home countries of regulated institutions;
- contributing to the preservation of financial stability;
- ensuring the implementation of crisis prevention measures;
- ensuring the implementation of crisis resolution measures;
- ensuring the continuity of the activities, services and operations of institutions subject to resolution procedures;
- avoiding or reducing the need for public financial support; and
- protecting the interests of depositors and creditors.

The decisions of the Banking Commission are enforceable as soon as they are notified to the parties concerned. They may be appealed only before the Council of Ministers of the Union.

Moreover, the Council of Ministers of WAMU is regularly informed by the Banking Commission of the conclusions of its proceedings.

◆ The Supervisory College

This body is responsible, in particular, for the prudential supervision of the regulated institutions, both on the basis of document-based audits and on-site inspections. Chaired by the Governor of the Central Bank, this College was composed of the following eighteen (18) members in 2019:

- the Governor of the Central Bank;
- a representative designated or appointed by each WAMU Member State, namely the Director of the Treasury or the Head of the Directorate in charge of credit institutions;
- a representative of the State guaranteeing the convertibility of the common currency; and

- members appointed by the WAMU Council of Ministers, on nomination by the Governor of the Central Bank, for their competence in the banking, legal or financial fields or in any other field of expertise deemed to be consistent with the functions envisaged.

◆ **The Resolution College**

The Resolution College ensures the development and implementation of measures for the prevention and resolution of banking crises. It is composed of the following four (4) permanent members:

- the Governor of the Central Bank;
- the Representative of the State holding the Chairmanship of the WAMU Council of Ministers in the Supervisory College;
- the Director of the WAMU Deposit Guarantee and Resolution Fund (FGDR- UMOA); and
- a member appointed by the WAMU Council of Ministers, on nomination by the Governor of the BCEAO, for their competence in the banking, legal or financial fields or in any other field of expertise deemed to be consistent with the functions envisaged.

When a regulated institution is subject to a resolution procedure, the Representative of the Supervisory College of the State where it is located is asked to participate in the proceedings as a non-permanent voting member.

The Banking Commission has a General Secretariat provided by the Central Bank.

1.1.2. Main instruments governing the activities of institutions subject to the supervision of the Banking Commission

In addition to the common law applicable to commercial companies, the following main instruments regulate the activities of credit institutions, financial companies, microfinance institutions and electronic money institutions:

- the WAMU Treaty of January 20, 2007;
- the Convention of April 6, 2007 governing the Banking Commission;
- the Uniform Act on banking regulations and its implementing instructions issued by the BCEAO;
- the Uniform Act regulating decentralized MFIs, and its implementing decree and instructions;
- the Uniform Act regarding the definition and suppression of usury;
- the Uniform Act on Money Laundering and Terrorist Financing and its implementing instructions;
- the Uniform Act regulating credit information bureaus in the WAMU Member States and its implementing instructions;
- Regulation No. 09-2010/CM/UEMOA of October 1, 2010, on the external financial relations of WAEMU Member Countries and its implementing instructions;
- Regulation No. 015/2002/CM/UEMOA of September 19, 2002, on payment systems in the WAEMU Member States and its implementing instructions;
- Decision No. 011 of September 29, 2018, of the WAMU Council of Ministers adopting the draft Uniform Act amending and supplementing the Uniform Act regulating MFIs;
- the revised WAMU Banking Chart of Accounts (PCB) and its implementing instructions;
- Specific accounting standards applicable to MFIs (RCSFD) in the Union;
- the prudential framework applicable to WAMU credit institutions and financial companies in the Union;
- Decision No. 014/24/06/2016/CM/UMOA on the supervision, on a consolidated basis, of parent credit institutions and financial companies in WAMU;
- Banking Commission circulars; and
- the Instruction governing the terms and conditions of the activities of issuers of electronic money in the Member States of the WAEMU Union.

The above-mentioned instruments are the main basis for the Banking Commission's actions.

1.2. ORGANIZATION AND ACTIVITIES OF THE GENERAL SECRETARIAT

1.2.1. Organization of the General Secretariat

The Central Bank provides secretarial services and covers the operating expenses of the Banking Commission.

The organization of the General Secretariat of the Banking Commission (SGCB), effective at end-2020, revolves around the following bodies:

- Operational Control;
- the Directorate of Crisis Resolution and Legal Affairs (DRCAJ);
- the Directorate of International Relations and Studies (DERI);
- the Directorate of Permanent Supervision (DSP);
- the Directorate of On-Site Inspection of Credit Institutions and Electronic Money Institutions (DCPECEME);
- the Directorate of On-Site Inspection of Decentralized Financial Systems (DCPSFD); and
- the Directorate of General Resources (DMG).

Operational Control, which reports to the Secretary General, is responsible for daily monitoring of the regularity of the SGCB's operations.

The DRCAJ is mainly in charge of monitoring the process of resolving banking crises, drafting the decisions of the Banking Commission and providing legal assistance to all the departments of the SGCB. It is subdivided into two (2) Departments: the Department of Crisis Resolution and Control of Commercial Practices and the Legal Department.

The DERI deals in particular with issues relating to regulations and prudential standards applicable to regulated institutions, the management of relations with external partners, the conduct of studies relating to the stability of the Union's banking system as well as the processing of applications for licences, declarations of intent and prior authorizations. It also coordinates the preparation of the sessions of the WAMU Banking Commission in conjunction with the other Directorates concerned. The DERI is made up of two (2) Departments, namely the Department of Regulatory Monitoring, Methods and International Relations and the Department of Studies, Statistics and Licensing.

The DSP is in charge of document-based audits of the individual situation of regulated institutions. It also monitors the implementation of the administrative measures and sanctions taken by the Supervisory Authority, in conjunction with the relevant Directorates. The DSP consists of three (3) Departments: the Department for the Supervision of Sub-Regional Banks and Financial Institutions, the Department for Cross-Border Supervision and the Department for the Supervision of Specialized Institutions.

The DCPECEME which is organized along the lines of an audit firm, implements the on-site audit program for credit institutions, financial companies and electronic money institutions. Its audit teams are led by Head of missions, who conduct on-site audits of regulated institutions.

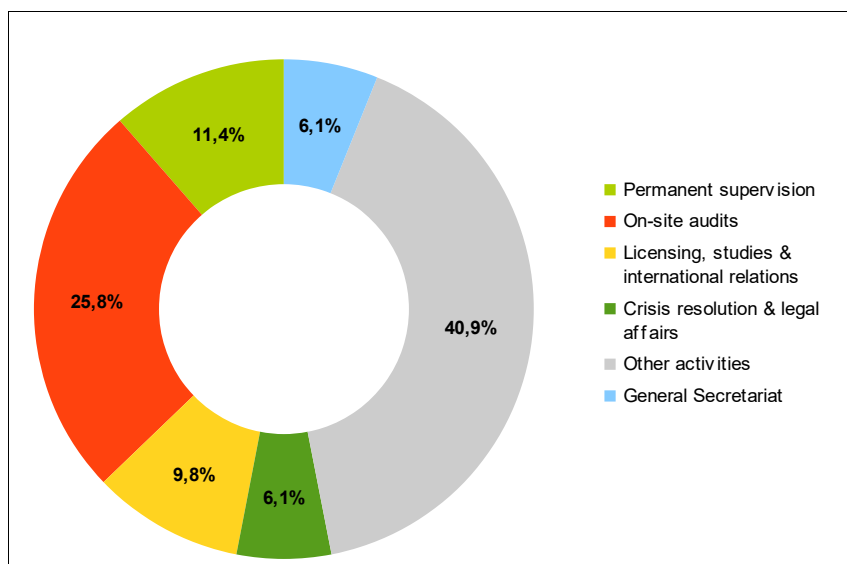
The DCPSFD, which is also organized like an audit firm, is responsible for implementing the MFI inspection program. Its on-site audit teams are also headed by an inspection team leader.

The DMG is responsible for managing support activities. It has four departments (4): the Administrative Affairs Department, the Human Resources Department, the Accounting and Budget Department and the IT Department.

At the end of the 2019 fiscal year, the staff of the General Secretariat stood at one hundred and thirty-two (132) employees as against one hundred and thirty-six (136) at the end of 2018. Broken down by body, the staff included, in addition to the Secretary General and two (2) Deputy Secretaries General, six (6) Directors, ten (8) Team Leaders with the rank of Director, seventy-eight (78) supervisory staff and thirty-seven (37) staff from the administrative and technical corps.

Banking supervision activities are carried out by the DRCAJ, DERI, DSP, DCPECEME and DCPSFD. Together, these Directorates accounted for seventy-three (73) staff members in 2019, i.e. 53.7% of the workforce, compared with 53.0% in 2018.

Graph 1: Breakdown of the personnel of the SGCB by type of activity in 2019



Source: General Secretariat of the WAMU Banking Commission

1.2.2. Activities of the General Secretariat

The SGCB's activities mainly involve the examination of applications for approval, setting-up declarations and prior authorizations, document-based controls and on-site controls.

1.2.2.1. Prior authorizations

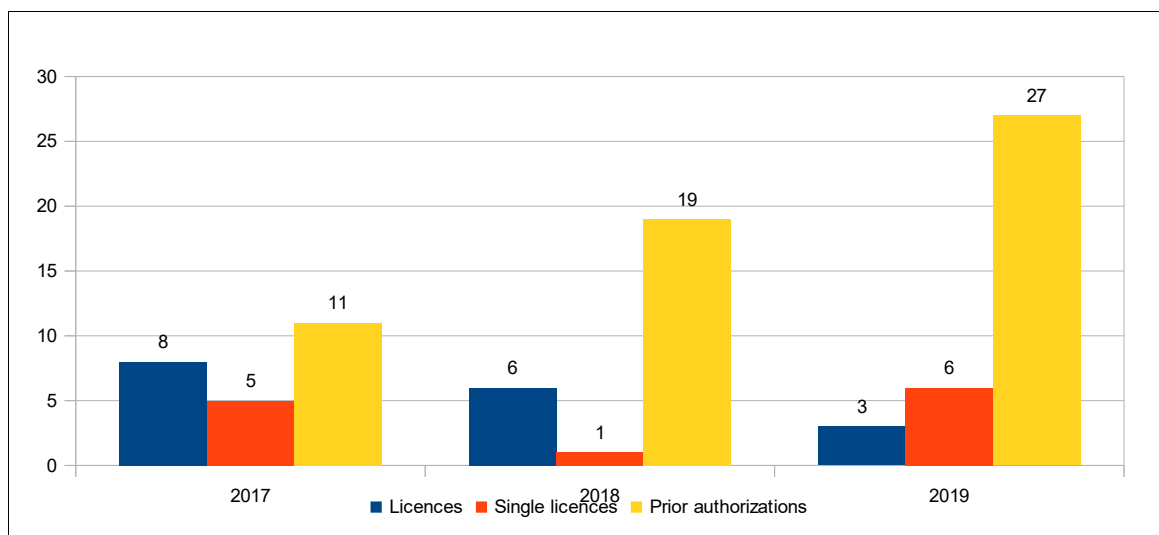
The General Secretariat of the Banking Commission is in charge of examining applications for licences and various authorizations provided for under the Banking Regulation Act. The operations covered include:

- granting and withdrawal of accreditation;
- declarations of intent to set up branches or subsidiaries;
- acquisition or disposal of shareholdings which would result in the interest of any one person, directly or through an intermediary, or of any one group of persons acting jointly, rising above the blocking minority and above the majority of the voting rights in the credit institution, or in the said interest falling below those thresholds;
- modification of the legal form, corporate name or trade name of an entity;
- transfer of a registered office to another WAMU Member State;
- merger by absorption or creation of a new company, or demerger;
- early dissolution;
- transfer of more than 20% of assets;
- placing in stewardship or discontinuation of business;
- extension of the activities of bank-like financial institutions; and
- opening of an Islamic branch.

In 2019, thirty-six (36) files were processed, including three (3) licence applications, six (6) declarations of intent to set up branches and twenty-seven (27) applications for prior authorizations.⁴

⁴ During the period under review, the Supervisory Authority processed, for the first time, six (6) applications for prior authorization to open Islamic branches, submitted by credit institutions operating in the Union.

Graph 2: Breakdown of applications for accreditation and licensing and other authorizations from 2017 to 2019



Source: General Secretariat of the WAMU Banking Commission

1.2.2.2. Document-based audits

Documentary auditing or permanent supervision includes individual monitoring of regulated institutions (keeping of individual files, auditing and analysis of accounting and financial statements, verification of compliance with prudential regulations, ratings, etc.).

It is based on an analysis of all the reporting statements and reports produced by the regulated institutions. These include periodic reports as well as prudential statements, accounting and financial data submitted on magnetic media or on the BCEAO reporting platform by the regulated institutions, in accordance with the requirements of the WAMU Banking Chart of Accounts (PCB) and the Specific Accounting Standards for MFIs (RCSFD).

Once processed and analyzed, the data gathered from the regulated institutions makes it possible to assess trends in the individual situations of the regulated institutions. It also forms the foundation for general or specific studies on general trends in the banking system as well as in microfinance and electronic money issuing in the WAMU Union.

Document-based audits also reveal signs of vulnerability in an institution, and may form a basis for appropriate decisions to be made. In this sense, they act as a preventive and early-warning system and can be used to guide on-site audits, to improve the targeting of investigations.

1.2.2.3. On-site audits

On-site audits are conducted on the basis of a schedule approved by the Chairman of the Banking Commission. The schedule is developed using an approach based on identified risks, making it possible to create a list of the regulated institutions viewed as the most vulnerable in the light of:

- their systemic importance;
- their degree of vulnerability to the primary risks in their business segment;
- the difficulties identified in the monitoring of the implementation of the recommendations and decisions of the Banking Commission;
- the length of time since the last audit by the Banking Commission; and
- the start-up conditions of newly licensed entities.

On-site audits, conducted on the basis of targeted investigations, are used to supplement documentary audits. In addition to their main purpose of identifying and assessing the risks incurred by the regulated institutions, they also can also be used to assess the accuracy of the financial and accounting information submitted to the supervisory authorities, compliance with prudential regulations, the quality of management and the outlook for the regulated institutions.

They also assess corporate governance, the implementation of the Banking Chart of Accounts, the efficiency of internal and external audits, strategic choices, anti-money laundering and anti-terrorist financing measures, the performance of information systems, the effectiveness of risk management and the implementation of the Banking Commission's recommendations.

On-site inspections may be extended to include affiliated companies. They may be general, specific or thematic in nature.

General audits are designed to assess all areas of a reporting entity's activities and management. Specific or targeted audits cover a more limited field and focus on a particular risk, on the assessment of a specific aspect of the management or situation of a regulated institution or group of institutions. They can also be used to ensure that the recommendations and decisions of the Banking Commission are effectively implemented. Thematic audits focus on a cross-cutting issue.

In the course of 2019, fifty-one (51) regulated institutions were audited. The audit work included:

- thirty-two (32) specific audits, fourteen (14) of which focused on the start-up conditions of credit institutions;
- three (3) specific audits of financial companies in the Union;
- four (4) general audits of electronic money institutions;
- one (1) thematic audit on the fight against money laundering and the financing of terrorism (AML/CFT); and
- eleven (11) general audits of large MFIs.

Joint audit assignments were also conducted as part of the implementation of cooperation agreements with counterpart supervisory authorities, including one (1) with the Central Bank of Nigeria, one (1) with the French Prudential Supervision and Resolution Authority (ACPR), two (2) with the Central African Banking Commission and four (4) with Bank Al-Maghrib.

1.2.2.4. Other activities

The other activities of the SGCB in 2019 included participation in the work of the WAMU Financial Stability Committee (WAMU-FSC) as well as meetings with the banking profession and international and sub-regional financial institutions.

As part of the preparations for the 15th and 16th ordinary sessions of the WAMU-FSC, the SGCB participated in the work of the Group of Experts, which focused in particular on macro-prudential supervision indicators, risk mapping of the financial system, the crisis alert mechanism, and the detection and analysis of the main vulnerability factors threatening the resilience of the financial sector.

As part of the ongoing dialogue with the banking profession and external partners, the General Secretariat granted twenty-nine (29) audiences to top managers of regulated institutions and banking groups. The main objective of the meetings was to assess the risks to which the regulated institutions were exposed as well as their environment and business prospects.

Furthermore, the Supervisory Authority organized the fourth set of meetings with the Directors-General and statutory auditors of credit institutions and financial companies, in Dakar, Senegal on May 3, 2019.

Moreover, in its capacity as home supervisor, the General Secretariat conducted the fifth set of meetings of the Colleges of Supervisors of Oragroup and Ecobank Group, on October 18 and October 28-29, 2020, respectively, in Abidjan, Côte d'Ivoire. These meetings fell within the framework of the implementation of the Basel Committee's recommendations for the effective supervision of cross-border banking groups.

Finally, in the context of collaboration with counterpart supervisory authorities, the seventh annual bilateral meeting between the General Secretariat of the WAMU Banking Commission and the General Secretariat of the Banking Commission of Central Africa was held on June 24 and 25, 2019, in Abidjan, Côte d'Ivoire.

II. BUSINESS ENVIRONMENT OF REGULATED INSTITUTIONS

2.1 ECONOMIC AND FINANCIAL ENVIRONMENT OF WAMU COUNTRIES

The economic performance of the Union Member States was strengthened in 2019, driven by a dynamic service sector.

2.1.1. Real sector

The Union's real gross domestic product (GDP) grew by 6.1% in 2019 compared to 6.4% in 2018. This economic growth was mainly driven by the tertiary sector, with a contribution of 3.6 points. The contributions of the primary and secondary sectors amounted to 0.8 points and 1.7 points respectively.

Economic growth was strong in all Union countries during 2019. It ranged from 4.5% in Guinea-Bissau to 6.9% in Benin and Côte d'Ivoire.

Table 1: Real GDP growth rates in 2018 and 2019

Year	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
2018	6.7%	6.8%	6.8%	3.4%	4.7%	7.0%	6.4%	4.9%	6.4%
2019	6.9%	5.7%	6.9%	4.5%	5.0%	5.1%	5.3%	5.3%	6.1%

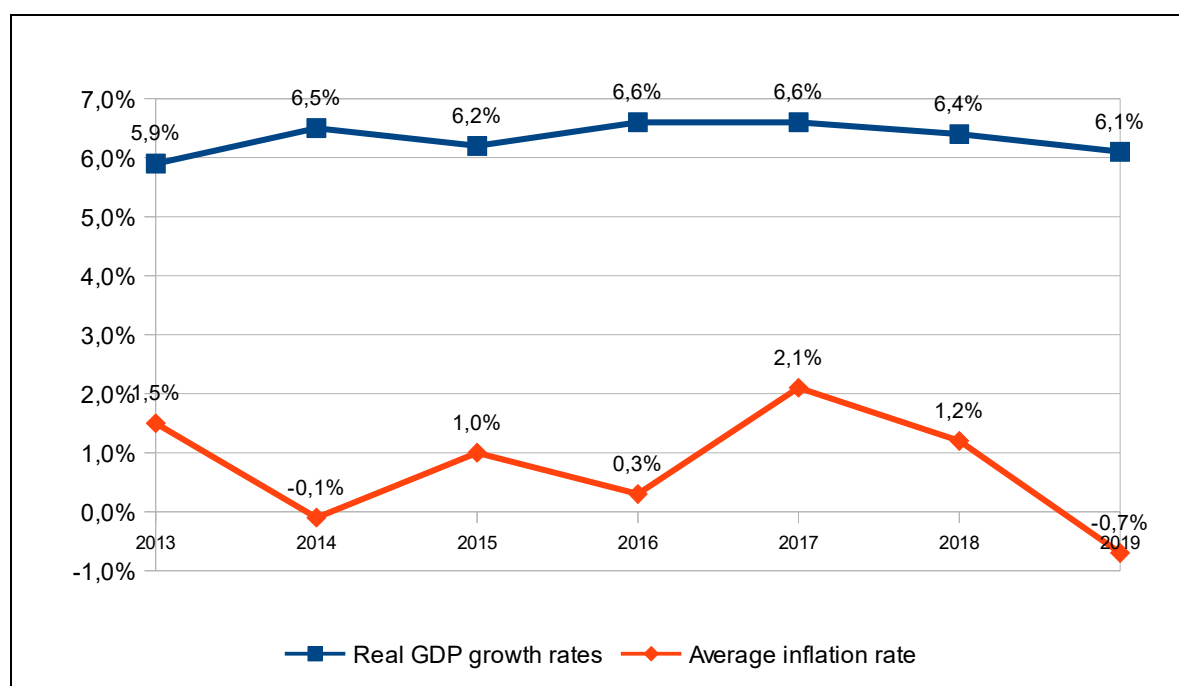
Sources: Official departments and BCEAO

2.1.2. Prices

The annual average inflation rate was -0.7% in 2019, compared with an actual figure of 1.2% in 2018, due to the well supplied markets thanks to the previous increase in agricultural production.

Inflation rates were as follows on an individual country basis: Côte d'Ivoire (+0.8%), Togo (+0.7%), Guinea-Bissau (+0.2%), Senegal (+1.0%), Benin (-0.9%), Niger (-2.5%), Mali (-3.0%) and Burkina Faso (-3.2%).

Graph 3: Trends in real growth and the inflation rate



Sources: Official departments and BCEAO

2.1.3. Public finance

In 2019, the execution of the budgets of WAEMU Member States was marked by continued consolidation efforts, in a context of implementation of IMF-supported programs, and persistent security tensions in the Sahel region.

The overall deficit, on a commitment basis, including grants, narrowed by 627.3 billion to stand at 2,128.8 billion at the end of December 2019, i.e. 2.5% of GDP, compared to 2,756.1 billion or 3.4% of GDP a year earlier. On a cash basis, government financial operations resulted in an overall deficit, including grants, of -2,095.5 billion, or 2.4% of GDP, down by 774.7 billion compared to 2018. The reduction in the public deficit reflected better control of public spending, especially current spending, combined with improved revenue collection.

The regional public debt market remained a key source of government financing during 2019. The total gross amount of bonds issued on the regional public debt market amounted to 4,112.2 billion compared with 3,277.6 billion in 2018. This increase of 834.6 billion compared to the previous year was due to a stronger presence of Côte d'Ivoire and Senegal on the regional financial market.

2.1.4. Balance of payments

The balance of external trade in the Union showed a total surplus of 1,659.4 billion in 2019 following a surplus of 1,088.2 billion one year prior. This trend was driven by higher net capital inflows into the financial account, which more than covered the current account deficit.

The current account deficit rose by 1.7% to 4,686.5 billion, due to the deepening of the balance of goods deficit (+15.4%), linked to purchases of capital and intermediate goods as well as consumer goods. As a percentage of GDP, the current deficit rose to 5.8% in 2019 from 6.2% in 2018.

The increase in net inflows to the financial account in 2019 was mainly due to the strong increase in external resource mobilization by certain Member States such as Côte d'Ivoire, Mali and Niger (+1,054.9 billion) through their partners, particularly the World Bank and Agence Française de Développement (AFD).

2.1.5. Monetary and financial sector

The monetary situation in the Union at the end of December 2019, compared to the end of December 2018, was characterized by an increase in the money supply, due to the growth of net external assets and domestic claims.

The net external assets (NEA) of the Union's deposit-taking institutions increased by 1,915.8 billion in one year.

The official foreign exchange reserves of the Central Bank stood at 10,357.0 billion, up by 21.0% compared to December 2018, in relation to the significant mobilization of external resources by the States and an improvement in export revenue repatriation trends. Repatriations of external resources by the States totaled 4,765.0 billion.

Outstanding domestic claims rose by 1,604.4 billion or 5.3%, on an annual basis, to 31,626.3 billion. This increase was mainly driven by the consolidation of claims on the economy.

Loans granted by deposit-taking institutions to the economy increased by 1,596.8 billion or 7.3% to reach 23,508.2 billion at the end of 2019, following 21,911.4 billion at the end of December 2018. The increase was driven mainly by the rise in bank loans to households (+714.0 billion or +11.2%), private non-financial companies (+675.3 billion or 5.5%) and public corporations (+90.7 billion or 5.5%).

At the level of central government administrations, the net claims of monetary institutions stood at 8,118.1 billion at the end of December 2019, up by 7.6 billion compared to their level at the end of December 2018. The virtually unchanged trend in net claims on central governments was mainly due to a drop in net claims held by the BCEAO (-245.6 billion), offsetting net acquisitions of government claims by the banks (+253.2 billion). The States' account balances with the Central Bank were consolidated by their mobilization of external resources.

In conjunction with the trends in its counterparts, the money supply grew by 2,873.6 billion or 10.4%, to stand at 30,600.5 billion. Deposits increased by 2,207.6 billion or 10.3% and currency in circulation increased by 666.1 billion or 10.6%.

Compared to its level at the end of December 2018, the monetary base grew by 1,599.0 billion or 17.8%, reaching 10,568.5 billion at the end of December 2019. This growth was essentially linked to the external counterpart of the monetary base, which increased by 1,687.9 billion.

Taking into account the medium-term outlook, which suggests moderate inflation, the Monetary Policy Committee of the BCEAO maintained an accommodating monetary policy stance in 2019 in order to contribute to the achievement of the economic growth objectives of the WAMU countries. Thus, the leading rate of the BCEAO, i.e. the minimum bid rate for cash injection tenders, was kept unchanged at 2.50%, the level in force since September 16, 2013. The interest rate on the marginal lending window was maintained at 4.50%, the level in force since December 16, 2016. The reserve requirement ratio for banks in the Union has remained at 3.00% since March 16, 2017.

In order to provide banks with the necessary resources to ensure the smooth running of the money market and support the financing of the economy, the BCEAO continued its weekly and monthly liquidity injection operations. Accordingly, liquidity injection operations on the BCEAO's bid windows rose by 340.0 billion (+8.3%) during 2019, in line with its assessment of the estimated liquidity needs of the Union's banking system one year earlier.

On the weekly tender window, the amount put out to auction rose from 3,350.0 billion in January 2019 to 3,690.0 billion in December 2019, an increase of 10.1% compared to 7.2% in 2018. The average amount of weekly liquidity injections in 2019 stood at 3,554.8 billion, up 504.1 billion from 3,050.7 billion in 2018. This development reflects the monetary authorities' commitment to supporting credit institutions in financing economic activity.

The average marginal rate on weekly auctions stood at 3.2096% in 2019, down 35.7 basis points from the level of 3.5665% reached in 2018. The weighted average interest rate on weekly tenders was 3.5112% on average in 2019, down 35.1 basis points compared to its level in 2018.

On the monthly tender window, the Central Bank has kept the amount auctioned stable at 720.0 billion since 2018. Requests satisfied through this compartment stood at 719.3 billion on average, in 2019, compared to 711.3 billion in 2018.

The marginal interest rate and the weighted average interest rate decreased in 2019 compared to 2018, respectively by 49.7 and 21.4 basis points, reaching 3.2512% and 3.7649%.

Overall, aggregate outstanding advances on one-week and one-month bid windows stood at 4,410.0 billion at the end of December 2019 against 4,070.0 billion the previous year, for a year-over-year increase of 340.0 billion (+8.3%). Government treasury bills and bonds from all eight (8) countries of the Union represented most of the assets presented by credit institutions as collateral for refinancing operations.

Central Bank lending through the marginal lending window reached 260.3 billion (5.5% of total outstanding refinancing) at the end of December 2019, after 153.6 billion (3.6% of total outstanding) at the end of December 2018. Like the advances on the one-week window, this increase reflects the reaction of the Monetary Authorities to cash flow tensions that were not anticipated by the credit institutions present on the open market windows. However, as the amounts involved were low, the marginal lending window retained its supplemental role. It should be noted that, in December 2016, the outstanding amounts on the marginal lending window represented 32.5% of total outstanding refinancing, prompting the BCEAO's Monetary Policy Committee to set the outstanding amount of aggregate refinancing granted to the same counterparty on the marginal lending window and the special refinancing window of the BCEAO at a maximum of twice the core tier 1 capital of the counterparty in question.

As regards the special refinancing window,⁵ which has been in force since January 2014, no commitments by credit institutions to the BCEAO were noted at the end of December 2019.

⁵ The special refinancing window was established by Decision No. 24/2013/CPM amending and supplementing Decision No. 397/12/2010 on the rules, instruments and procedures for implementing the monetary and credit policy of the Central Bank of West African States. This is the window through which credit institutions eligible for refinancing can apply for advances with maturities ranging from three (3) to twelve (12) months. These advances are backed by public or private securities with a residual life of between five (5) and twenty (20) years maximum. The window came into force in January 2014 and recorded its first transactions in July 2014.

2.2 INSTITUTIONAL AND REGULATORY FRAMEWORK

2.2.1. Banking sector

In terms of regulations, 2019 was marked by the entry into force of the following instruments:

- Instruction No. 001-03-2019 of March 25, 2019, establishing the terms and conditions of enforcement of financial penalties imposed by the Banking Commission of the West African Monetary Union against parent credit institutions and finance companies;
- Instruction No. 002-03-2019 of March 25, 2019 establishing the terms and conditions of enforcement of financial penalties imposed by the Banking Commission of the West African Monetary Union against electronic money institutions of the West African Monetary Union;
- Instruction No. 003-07-2019 of July 23, 2019 on the recognition of External Credit Assessment Institutions for prudential purposes;
- Instruction No. 004-12-2019 of December 31, 2019 on the modalities of intervention of the Central Bank of West African States within the framework of the implementation of the Monetary Policy;
- Instruction No. 005-12-2019 of December 31, 2019 on the modalities for the constitution of compulsory reserves with the Central Bank of West African States; and
- BCEAO Notification No. 001-12-2019 of 19 December 2019 on the methodology for identifying systemically important banking institutions in WAMU and determining the capital surcharge applicable thereto.

2.2.2. Microfinance sector

No new regulatory provisions were made in 2019, pertaining to microfinance institutions.

2.2.3. Electronic money sector

No new regulatory provisions were made in 2019, pertaining to electronic money institutions.

III. ACTIVITIES OF THE REGULATED INSTITUTIONS

3.1 BANKING SECTOR

3.1.1. Landscape of credit institutions

At the end of 2019, the banking system of the Union included one hundred and fifty-one (151) licensed credit institutions compared to one hundred and forty-seven (147) in December 2018. This increase resulted from the:

- granting of banking licenses to the companies named “Coris Bank International Bénin (CBI Bénin)”, “Mansa Bank”, “Orange Abidjan Compagnie (OAC)” and “Coris Bank International Sénégal (CBI Sénégal)”,⁶
- approval as bank-like financial institutions of the companies named “Africaine des Garanties et du Cautionnement (AFGC)” in Benin and “African Lease Togo (ALT)” in Togo; and
- withdrawal of the setting-up authorizations of Coris Bank International, Benin branch, and Coris Bank International, Senegal branch.

Thus, at the end of 2019, the banking landscape comprised one hundred and thirty (130) banks, including nineteen (19) branches, and twenty-one (21) bank-like financial institutions, including four (4) branches.

Their distribution, by country, was as follows:

Table 2: Number of licensed credit institutions

Country	Banks		Bank-like financial institutions		Total (a+b+c+d)
	Subsidiaries (a)	Branches (b)	Subsidiaries (c)	Branches (d)	
Benin	13	2	1	-	16
Burkina Faso	13	2	3	1	19
Côte d'Ivoire	26	3	1	1	31
Guinea-Bissau	3	2	-	-	5
Mali	13	1	2	1	17
Niger	10	4	4	-	18
Senegal	22	3	3	1	29
Togo	11	2	3	-	16
Total	111	19	17	4	151

Source: General Secretariat of the WAMU Banking Commission

On December 31, 2019, there were one hundred and forty-eight (148)⁷ active credit institutions (128 banks and 20 bank-like financial institutions).

⁶ The granting of banking licences to CBI Benin and CBI Sénégal was due to the transformation of the Coris Bank International branches in these countries into subsidiaries;

⁷ At the end of 2019, the three (3) licensed credit institutions had not yet begun operating: Africaine des Garanties et du Cautionnement (Benin), Mansa Bank (Côte d'Ivoire) and Orange Abidjan Compagnie (Côte d'Ivoire).

Table 3: Breakdown of active credit institutions

Country	Number of institutions			Balance sheet total (billions of CFA Francs)	Market shares ^(*)	Number			Employees
	Banks	Financial Institutions	Total			Windows ^(**)	ATMs ^(***)	Bank accounts	
Benin	15	-	15	3.795	9.2%	254	337	1.973.254	3.143
Burkina	15	4	19	5.764	14.0%	331	490	2.043.700	3.538
Côte d'Ivoire	27	2	29	13.621	33.0%	725	900	3.931.729	9.404
Guinea-Bissau	5	-	5	305	0.7%	37	62	163.474	522
Mali	14	3	17	5.026	12.2%	500	542	1.809.724	3.551
Niger	14	4	18	1.842	4.5%	1.122	189	682.050	3.559
Senegal	25	4	29	7.865	19.1%	512	568	2.086.486	5.978
Togo	13	3	16	3.040	7.4%	247	290	1.101.252	2.599
WAMU	128	20	148	41,259	100%	3,728	3,378	13,791,669	32,294

(*) According to the balance sheet totals of credit institutions in the Union

(**) Branches, offices, and points of sale

(***) Automated Teller Machines

Source: General Secretariat of the WAMU Banking Commission

The number of branches increased by ninety-nine (99) new units in 2019, or 2.7%, to stand at 3,728. Increases by country ranged from two (2) windows in Guinea-Bissau and Togo to thirty-six (36) in Benin. The number of ATMs increased by 172 units, or 5.4%, reaching 3,378.

The number of employees in the banking sector rose by 1,289 (+4.2%) in annual variation to reach 32,294 on 31 December 2019, in connection with the expansion of the banking network and the start-up of the activities of new institutions. The number of "management" staff represented 39.4% of jobs.

The number of customer bank accounts also increased by 10.0%, reaching 13,791,669 at the end of 2019. The number of personal accounts grew by 10.6%, while business accounts grew by 2.9%.

As at 31 December 2019, the banking system comprised sixty-four (64) international banks, sixty-three (63) sub-regional banks, one (1) mutual bank and twenty (20) bank-like financial institutions.

Table 4: Breakdown of active credit institutions by category

Category	Number of institutions									Market shares ^(*)	Number			Employees
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU		Windows ^(**)	ATMs ^(***)	Bank accounts	
International banks	9	8	13	1	8	6	13	6	64	49.3%	34.9%	43.9%	54.3%	49.10%
Sub-regional banks	6	7	14	4	6	8	11	7	63	49.0%	37.4%	56.1%	45.7%	44.6%
Mutual banks	-	-	-	-	-	-	1	-	1	0.1%	0.1%	0%	0%	0.1%
International bank-like financial institutions	-	1	1	-	1	-	2	-	5	0.2%	1.4%	0.0%	0.0%	0.3%
Sub-regional bank-like financial institutions	-	3	1	-	2	4	2	3	15	1.3%	26.2%	0.0%	0.0%	5.9%
Total	15	19	29	5	17	18	29	16	148	100%	100%	100%	100%	100%

(*) According to the balance sheet totals of credit institutions in the Union

(**) Branches, offices, and points of sale

(***) Automated Teller Machines

Source: General Secretariat of the WAMU Banking Commission

The market was dominated by international banks,⁸ which held 49.3% of the banking assets in the Union. They represented 34.9% of the branch network, had 43.9% of the Union's ATMs, held 54.3% of its bank accounts and employed 49.1% of staff.

Sub-regional banks held a 49.0% market share. This category of banks represented 37.4% of branches, 56.1% of ATMs, 45.7% of customer accounts and 44.6% of staff.

The sole mutual bank accounted for 0.1% of the assets, establishments and staff of the Union's banking system.

International bank-like financial institutions accounted for 0.2% of assets, 1.4% of windows and 0.3% of staff.

International bank-like financial institutions accounted for 1.3% of assets, 26.2% of windows and 5.9% of staff.

3.1.1.1. Analysis of the activities of credit institutions by balance sheet size

Credit institutions can be divided into three (3) categories, based on the size of their balance sheet:

- large, where the balance sheet total is greater than 200 billion;
- medium, where the balance sheet total is between 100 billion and 200 billion; and
- small, where the balance sheet total is below 100 billion.

As at 31 December 2019, the banking landscape consisted of sixty-three (63) large banks, twenty-nine (29) medium-sized banks and fifty-six (56) small banks.

Table 5: Breakdown of credit institutions by balance sheet total

Category	Number of institutions									Market shares (%)	Windows (%)	ATMs (%)	Number of bank accounts	Staff
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU					
Large: Balance sheet total > 200 billion)	9	7	14	-	7	4	15	7	63	83.8%	55.8%	81.8%	87.2%	71.9%
Medium: 100 billion ≤ Balance sheet total ≤ 200 billion	1	5	6	-	5	3	5	4	29	10.7%	9.4%	9.2%	5.8%	12.2%
Small: Balance sheet total < 100 billion	5	7	9	5	5	11	9	5	56	5.5%	34.8%	9.0%	7.0%	15.9%
Total	15	19	29	5	17	18	29	16	148	100%	100%	100%	100%	100%

(*) Compared to the WAMU balance sheet total

(**) Branches, offices, and points of sale

(***) Automated Teller Machines

Source: General Secretariat of the WAMU Banking Commission

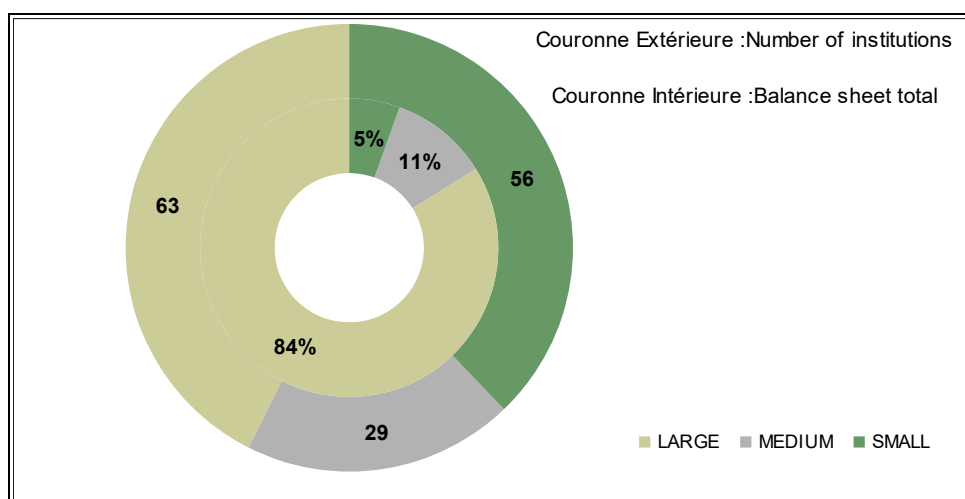
The proportion of assets held by large credit institutions in the Union was 83.8%. They represented 55.8% of the branch network, 81.8% of ATMs, 87.2% of bank accounts and 71.9% of staff.

All medium-sized banks, taken together, represented 10.7% of the banking system in the Union. This category of banks represented 9.4% of establishments, 9.2% of ATMs, 5.8% of customer accounts and 12.2% of staff.

Small banking institutions held 5.5% of assets, 34.8% of offices and branches, 9.0% of ATMs and 7.0% of bank accounts. They employed 15.9% of the banking system's workforce.

⁸ These are banks where the majority of the capital is held by non-WAMU nationals.

Graph 4: Breakdown of credit institutions by balance sheet total and category



Source: General Secretariat of the WAMU Banking Commission

3.1.1.2. Analysis of activity by banking group

3.1.1.2.1. Institutions affiliated with a banking group

On December 31, 2019, one hundred and eight (108) of the one hundred and forty-eight (148) active credit institutions in the Union, or 73.0% of total, were affiliated with one of twenty-nine (29) banking groups. These entities accounted for 85.9% of banking assets, 61.1% of branches, 82.9% of ATMs, 85.4% of customer bank accounts, 78.4% of employees and 89.5% of provisional net income.

The number of banking groups operating in the WAMU Union, holding at least 2% of the assets of the banking system, stood at twelve (12) over the accounting period, as in 2018.

With seventy-eight (78) units, the influence of the main banking groups extended across all the countries of the Union. They accounted for 77.0% of the balance sheet total and 54.9% of windows, controlled 77.2% of ATMs, held 81.5% of customer bank accounts and employed 69.6% of the banking system's staff. These entities accounted for 83.9% of the provisional overall net income of the banking system.

Table 6: Main banking groups operating in WAMU

Ranking	Main groups (market share - at least 2%)	Parent company country of origin	Number of subsidiarie s/branches	Market share	Windows	ATMs	Number of bank accounts	Staff	Share of overall net provisiona l income
1	Ecobank	Togo	8	12.1%	6.4%	18.7%	14.2%	9.0%	12.1%
2	Société Générale	France	5	10.1%	4.6%	9.1%	9.9%	8.9%	14.3%
3	Bank Of Africa (BOA)	Morocco	7	9.7%	8.1%	10.4%	17.5%	9.0%	10.8%
4	Atlantic Business International (ABI)	Morocco	9	9.2%	5.7%	4.0%	7.2%	6.8%	7.7%
5	Attijariwafa bank (AWB)	Morocco	9	7.1%	7.8%	5.5%	8.2%	8.5%	11.0%
6	Coris Bank International (CBI)	Burkina	7	6.1%	2.6%	2.6%	3.1%	3.0%	9.4%
7	NSIA Banque	Côte d'Ivoire	5	5.2%	3.7%	5.8%	5.2%	5.6%	3.5%
8	Oragroup	Togo	8	5.2%	3.0%	4.4%	3.2%	4.3%	4.4%
9	BNP Paribas	France	4	3.9%	2.5%	5.2%	2.6%	4.6%	3.0%
10	Banque de Développement du Mali	Mali	4	2.9%	5.0%	3.4%	1.9%	2.2%	4.3%
11	United Bank for Africa (UBA)	Nigeria	5	2.9%	2.7%	4.5%	6.7%	4.1%	3.6%
12	Banque Sahélo-saharienne pour l'Industrie et le Commerce (BSIC)	Libya	7	2.6%	2.9%	3.6%	1.9%	3.7%	-0.2%
Total			78	77.0%	54.9%	77.2%	81.5%	69.6%	83.9%

Source: General Secretariat of the WAMU Banking Commission

Seventeen (17) other smaller groups, each holding less than 2% of total assets, also formed part of the banking landscape. These were, in descending order:

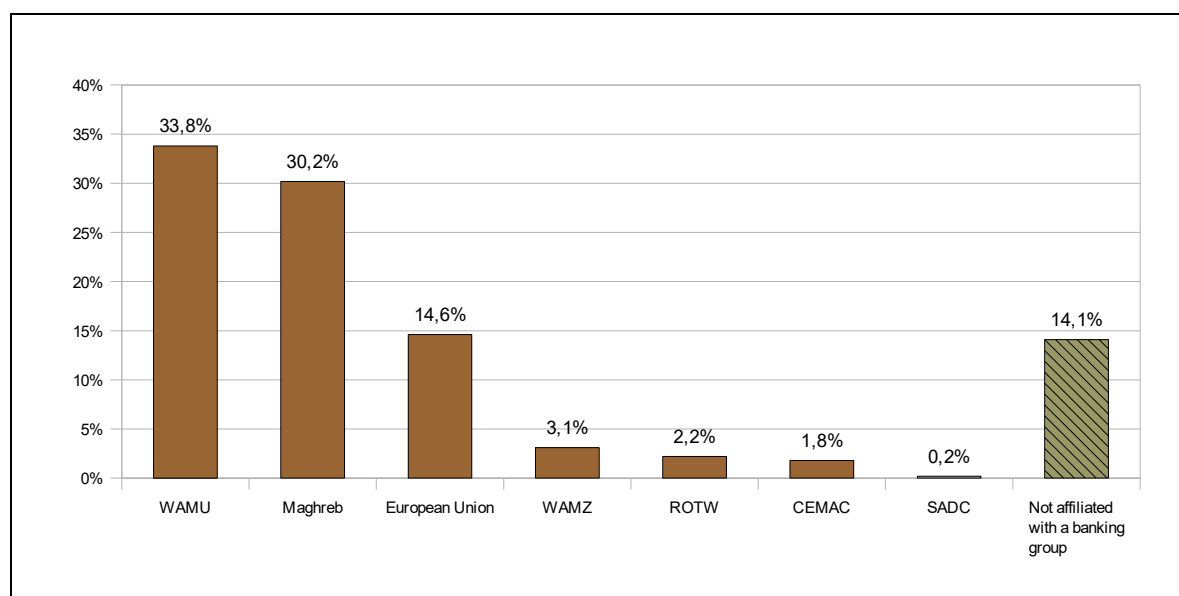
- BGFIBANK (3 banks, with a market share of 1.8%);
- Bridge Bank Group (1 bank; 1.2%);
- Tamweel Africa Holding (2 banks; 1.0%);
- Libyan Foreign Bank (4 banks; 0.9%);
- Groupe BDK (2 banks; 0.8%);
- Citigroup (2 banks; 0.7%);
- Standard Chartered Bank (1 bank; 0.6%);
- Banque pour le Commerce et l'Industrie (2 banks; 0.4%);
- Afriland First Group (2 banks; 0.3%);
- SUNU (1 bank; 0.2%);
- TLG Finance (4 banks; 0.2%);
- Guaranty Trust Bank (1 bank; 0.2%);
- Standard Bank (1 bank; 0.2%);
- Crédit Libanais (1 bank; 0.1%);
- African Guarantee Fund (1 bank; 0.1%);
- First Bank of Nigeria (1 bank; 0.1%); and
- African Lease Group (1 bank; 0%).

These seventeen (17) groups controlled thirty (30) credit institutions in the Union, accounted for 8.8% of assets, held 6.2% of the institutions, 5.7% of the ATMs, 3.9% of the customers' bank accounts and employed 8.9% of staff. Their contribution to the overall net result of the Union's banking system was 5.6% as at 31 December 2019.

3.1.1.2.2. Banking groups by geographical area

The twenty-two (29) banking groups operating in the WAMU Union as at December 31, 2019, come from WAMU, the Maghreb, the European Union (EU), the West African Monetary Zone (WAMZ), the Economic Community of Central African States (CEMAC), the Southern African Development Community (SADC) and the rest of the world (ROTW).

Graph 5: Market share of banking groups by geographic area of origin



Source: General Secretariat of the WAMU Banking Commission

There were nine (9) WAMU banking groups⁹, comprising banks whose parent companies are based in the Union. These entities, which held a market share of 33.8%, had thirty-seven (37) units in the Union, representing 22.7% of branches and 35.4% of ATMs, employed 26.4% of banking staff, and had 28.8% of customer accounts and 32.1% of deposits. They accounted for 30.7% of customer loans and 35.3% of provisional overall net income.

With a share of 30.2% of total assets, the seven (7) banking groups from the Maghreb¹⁰ operating in the Union totaled forty-two (42) entities, representing 26.1% of the network of branches and 25.2% of ATMs, and employing 30.1% of banking staff. They held 35.2% of customer accounts and 29.3% of deposits, and accounted for 30.7% of loans granted. At the end of December 2019, these institutions represented 29.8% of the provisional overall net income earned by the banking sector. The business of these groups was predominantly conducted by Moroccan entities, with twenty-five (25) credit institutions affiliated with three (3) groups, which were among the top five (5) groups. These institutions represented a market share of 26.1%, 25.9% of deposits, 26.5% of loans granted to customers and 29.5% of overall net provisional income. They represented 21.5% of bank locations, 20.0% of ATMs, 32.9% of bank accounts and 24.3% of staff.

The three (3) European banking groups¹¹, with ten (10) subsidiaries, represented 14.6% of all assets, 7.2% of the network of branches, 14.4% of ATMs, 12.5% of customer accounts and 13.8% of staff. They mobilized 16.6% of deposits and granted 17.6% of customer loans. These entities accounted for 17.6% of the overall net provisional income of the banking sector. The business of these groups was predominantly conducted by the two (2) French banking groups, which totaled 14.0% of the market share, 16.0% of deposits, 17.2% of customer loans and 17.3% of the overall net provisional income in the Union.

With a market share of 3.1%, all of the WAMZ banking groups operating in the WAMU Union,¹² of which there were three (3), were from Nigeria. Their seven (7) active units represented 3.0% of the branch network, 4.7% of ATMs, 7.4% of bank accounts and 4.9% of banking staff. They mobilized 3.5% of deposits and granted 2.1% of customer loans in the Union. Their contribution to the overall net income of the banking system was estimated at 3.8%.

The banking group from the CEMAC¹³, had three (3) banks accounting for 0.4% of the network of bank branches, 0.9% of ATMs, 0.1% of bank accounts and 1.0% of staff members, mobilized 1.7% of deposits and granted 2.2% of loans to customers. Their assets made up 1.8% of the Union's balance sheet total. The overall net provisional income of the group represented 0.1% of the total in the Union.

The two (2) banking groups from SADC,¹⁴ with two (2) credit institutions holding 0.1% of the branch network and 0.1% of staff members, mobilized 0.1% of deposits and granted 0.1% of customer loans. Their assets made up 0.2% of the Union's balance sheet total. The overall net provisional income of these two groups was negative in 2019.

There were four banking groups from the ROTW.¹⁵ They made up a 2.2% share of the market and had seven (7) banks, representing 1.7% of the branch network, 2.2% of ATMs, 1.3% of bank accounts and 2.1% of staff. Banks from the ROTW represented 2.3% of deposits and 2.5% of loans to customers. They contributed 3.2% to the overall net provisional income.

3.1.2. Activities and income of credit institutions

3.1.2.1. Uses

The uses of the banking system grew at an annual rate of 9.8%, reaching 35,903.1 billion at the end of 2019. Their structure continued to be dominated by loans to customers for 63.8% and investment securities for 22.8%, while the shares of financial fixed assets, other fixed assets and miscellaneous uses were respectively 0.7%, 9.5% and 3.2%.

9 Burkina Faso (CBI) - Côte d'Ivoire (Bridge Bank Group, NSIA Banque, SUNU) - Mali (BDM) - Senegal (Banque de Dakar) - Togo (ALG, ECOBANK, ORAGROUP).

10 Libya (BSIC, Libyan Foreign Bank) - Morocco (ABI, Attijariwafa bank, BOA) - Mauritania (BCI) - Tunisia (TLG Finance).

11 France (BNP Paribas, Société Générale) - United Kingdom (Standard Chartered Bank).

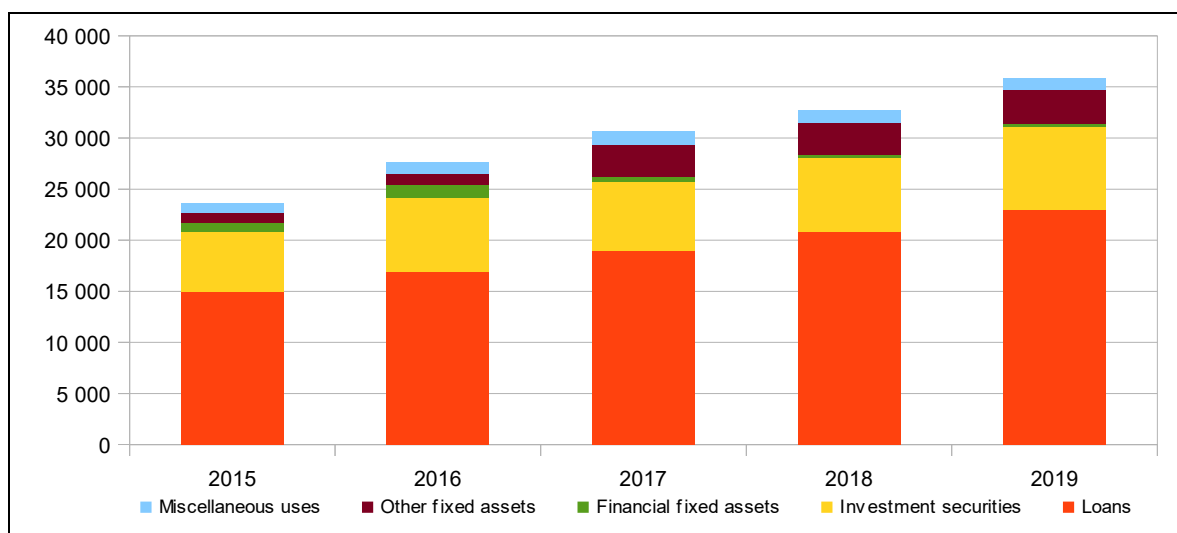
12 Nigeria (First Bank, GTBank, UBA)

13 Gabon (BGFIBank)

14 South Africa (Standard Bank) - Mauritius (African Guarantee Fund, whose operational headquarters is in Kenya)

15 Saudi Arabia (Tamweel Africa Holding) - United States (Citigroup) - Lebanon (Crédit Libanais) - Switzerland (Afriland First Group)

Graph 6: Trends in credit institution uses (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

Loans to customers grew by 10.0% year over year, to reach 22,924.0 billion at the end of 2019. They were made up of short-term loans (53.7%), medium-term loans (36.5%), long-term loans (4.4%), financial leases¹⁶ (0.8%) and overdue loans (4.6%).

Short-term loans amounted to 12,314.6 billion and represented more than half of total loans. They rose by 3.5% on an annual basis compared with 25.9% at the end of 2018.

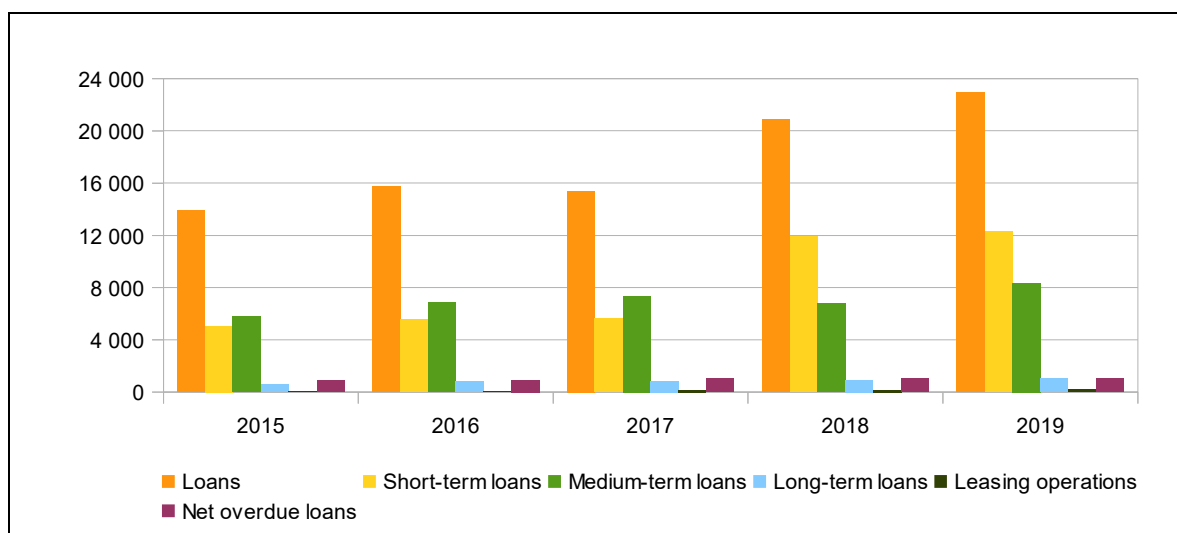
Medium-term loans amounted to 8,361.7 billion, up 22.8% on an annual basis, compared with a 7.8% decline a year earlier.

As for long-term loans, amounting to 1,016.4 billion, they posted an annual increase of 11.7%, compared to 6.3% the previous year.

Financial leasing transactions totaled 182.1 billion, showing annual growth of 10.3% at the end of December 2019, against 9.6% one year earlier.

In net terms, past due loans amounted to 1,049.2 billion, down 1.7% in 2019 compared to an increase of 4.4% in 2018.

Graph 7: Analysis of the structure of loans granted by credit institutions (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

Investment securities stood at 8,198.0 billion at the end of 2019, an annual increase of 932.2 billion (+12.8%).

¹⁶ Leasing transactions are now classified as financial leasing transactions.

Financial assets stood at 233.7 billion at the end of 2019, up by 20.6 billion (+9.7%) on an annual basis.

Other fixed assets stood at 3,401.8 billion at the end of 2019, up by 235.7 billion (+7.4%) year over year.

As regards other uses, they amounted to 1,145.6 billion, down by 4.6% from one year to the next.

Trends in the sectoral distribution of loans granted by credit institutions, as recorded by the BCEAO's Central Risk Division, were as follows:

Table 7: Breakdown of loans registered with the central credit register, by business segment

Business segments	2015	2016	2017	2018	2019
Agriculture, forestry and fisheries	4%	3%	4%	5%	3%
Extractive industries	2%	2%	2%	2%	2%
Manufacturing industries	19%	17%	16%	16%	14%
Electricity, gas and water	3%	4%	6%	6%	5%
Public works and civil engineering	10%	9%	10%	10%	10%
Retail, restaurants and hotels	37%	33%	27%	28%	28%
Transportation, warehousing and communications	8%	10%	12%	10%	11%
Insurance, real estate and services to businesses	6%	7%	7%	7%	7%
Community services and social services	11%	15%	16%	16%	20%
TOTAL	100%	100%	100%	100%	100%

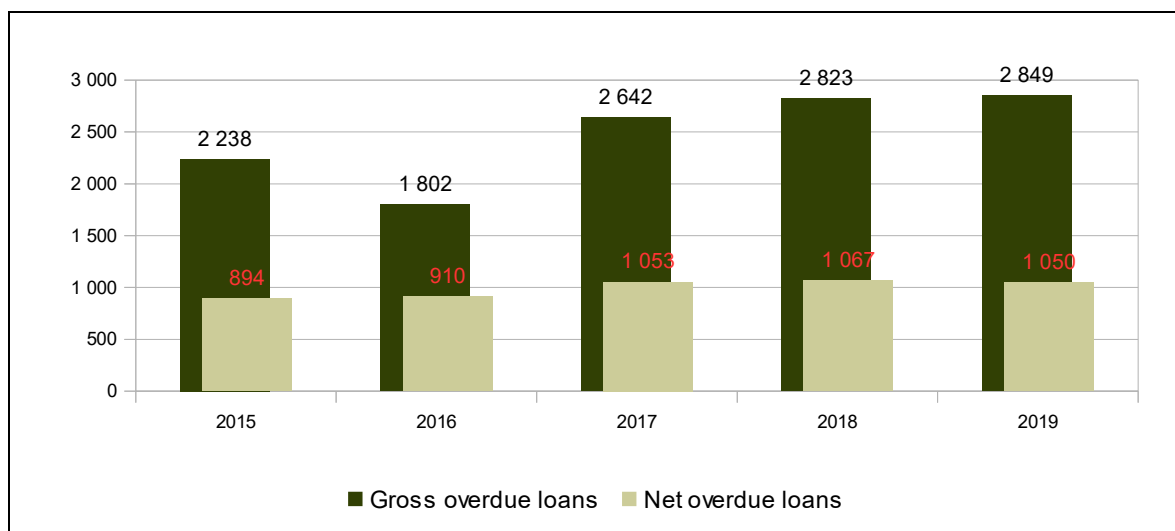
Source: BCEAO

3.1.2.2. Portfolio quality

Gross outstanding loans increased by 26.0 billion (+0.9%) to 2,849.4 billion at the Union level at the end of December 2019.

Taking into account the impact of provisions of 1,800.3 billion, which had increased by 43.8 billion (+2.5%), the net outstanding loans of the banking system stood at 1,049.2 billion, a decrease of 17.8 billion (-1.7%) at the end of December 2019.

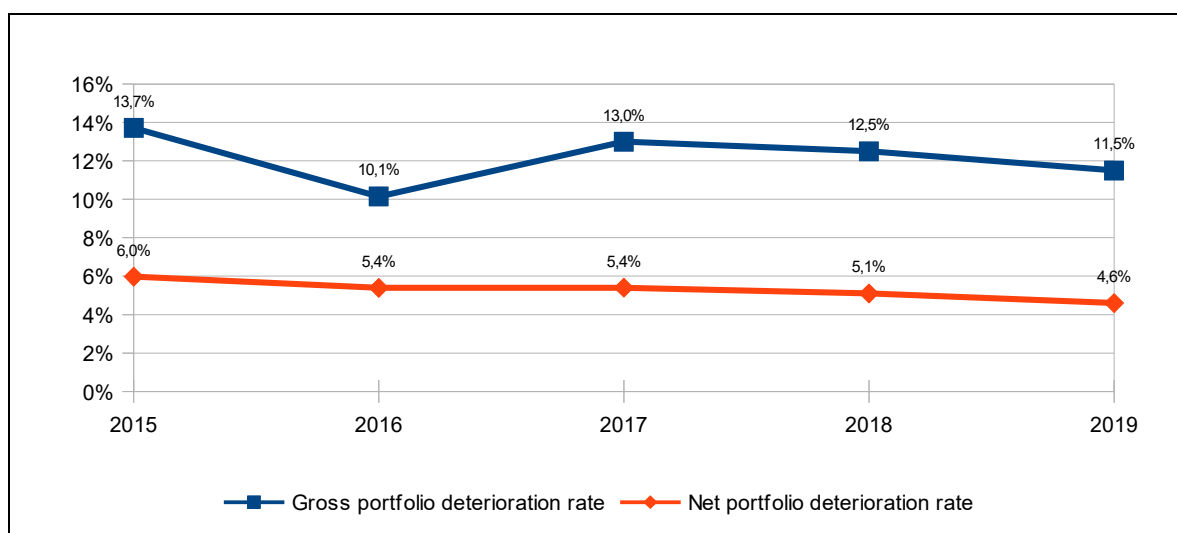
Graph 8: Trends in the gross and net amounts of overdue loans (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

The gross NPL ratio stood at 11.5% at the end of December 2019 compared to 12.5% in 2018, decreasing by 1.0 percentage points. The net ratio also improved by 0.5 percentage points to 4.6% in 2019 against 5.1% a year earlier.

Graph 9: Trends in the credit portfolio deterioration rate of credit institutions



Source: General Secretariat of the WAMU Banking Commission

3.1.2.3. Resources

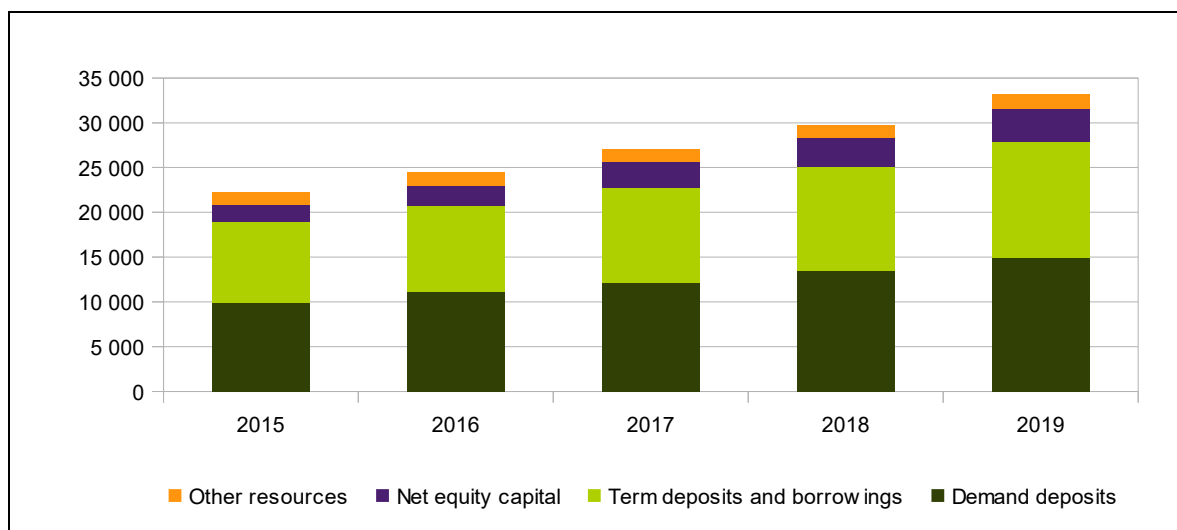
The resources mobilized by of credit institutions under Union increased by 11.4% year on year, to stand at 33,129.6 billion at the end of 2019. They included deposits and borrowings (84.1%), net equity (11.2%) and other resources (4.7%).¹⁷

Deposits and borrowings showed an annual increase of 10.8% to stand at 27,836.7 billion at the end of 2019. They consisted of demand deposits (14,964.9 billion; 53.8%) and term deposits (12,871.7 billion; 46.2%), which increased by 11.1% and 10.5% respectively during the period under review.

Net equity of the banking system increased by 519.4 billion (+16.2%), from 3,204.8 billion in 2018 to 3,724.2 billion a year later.

Other resources (related receivables, payments to be made on securities and financial fixed assets, suspense accounts and miscellaneous accounts, and provisions for risks and expenses) increased by 142.3 billion (+10.0%) year on year, to settle at 1,568.7 billion at the end of 2019.

Graph 10: Trends in credit institution resources (in billions of CFA F)



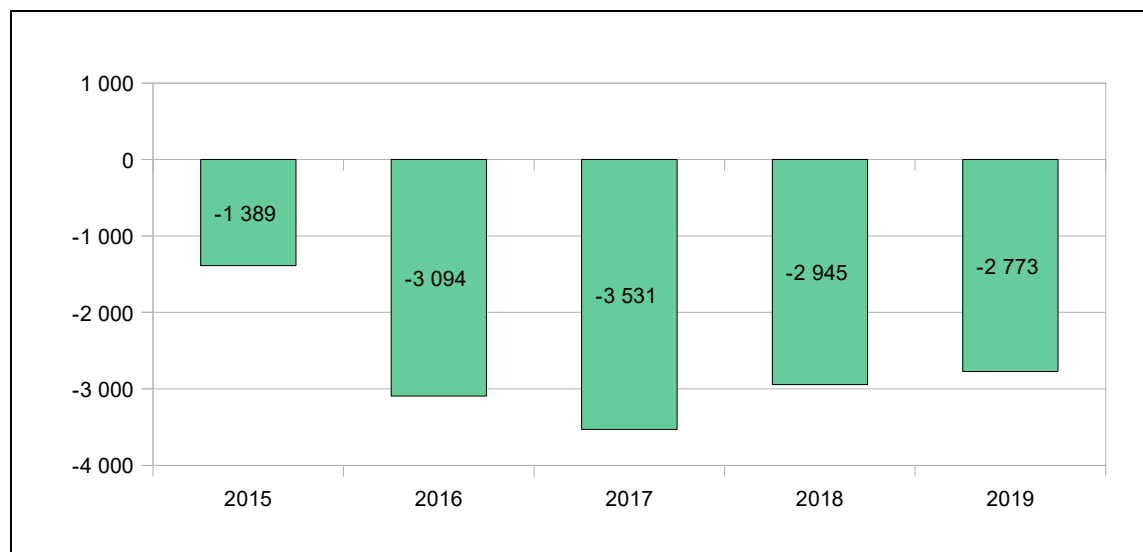
Source: General Secretariat of the WAMU Banking Commission

¹⁷ Other resources consisted of outstanding payments on investment securities and portfolio activity, trading securities on the liabilities side, conditional instruments sold, settlement accounts for securities transactions, liaison accounts on the liabilities side, miscellaneous accounts payable, provisions, suspense and accrual accounts and outstanding payments on financial assets.

3.1.2.4. Cash

The cash position of the Union's credit institutions showed a deficit, however it rose from -2,945.0 billion as at December 31, 2018 to -2,773.4 billion at the end of 2019, an improvement of 171.6 billion (+5.8%).

Graph 11: Trends in the cash position of credit institutions (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

3.1.2.5. Income

As at 31 December 2019, the Union's Net Banking Income (NBI) stood at 2,057.3 billion, up by 4.3%, on an annual basis. It was mainly composed of net income from customer transactions and income from securities and miscellaneous transactions, which accounted for 68.3% and 27.7%, respectively, compared with 70.4% and 26.8% in 2018.

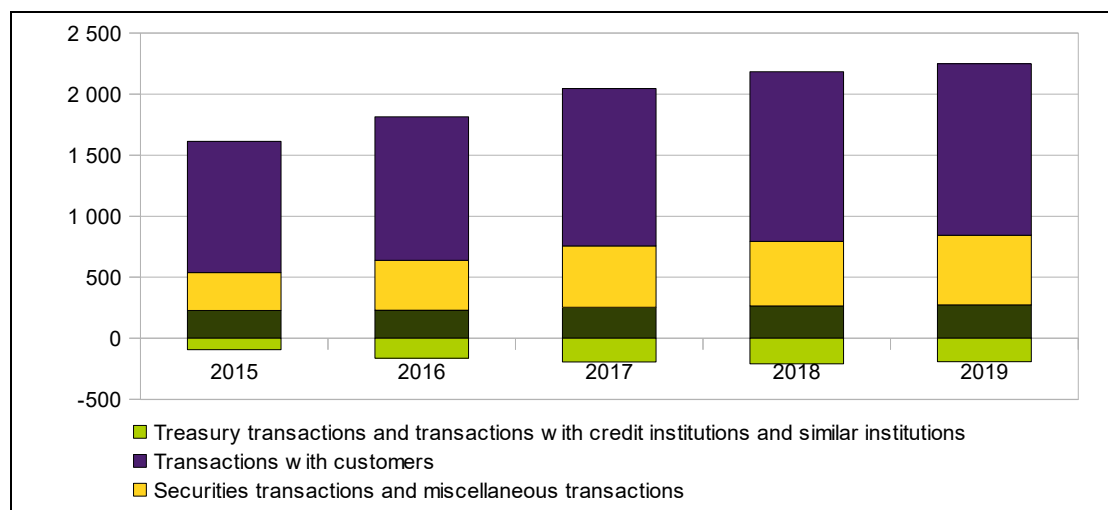
Net income from transactions with customers increased by 1.1% to stand at 1,404.2 billion in 2019.

Net income from securities and miscellaneous transactions increased by 8.0% to 570.1 billion in 2019.

Cash transactions and transactions with credit institutions and similar institutions showed a deficit of 192.4 billion in 2019 compared to 210.2 billion a year earlier. This change was due to a decline of 8.5 billion in expenses, combined with an increase in income of 9.2 billion.

Income from other transactions (foreign exchange, off-balance sheet, financial services and miscellaneous) increased by 9.6 billion, or 3.6%, from 265.8 billion in 2018 to 275.4 billion in 2019.

Graph 12: Net banking income trends and breakdown (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

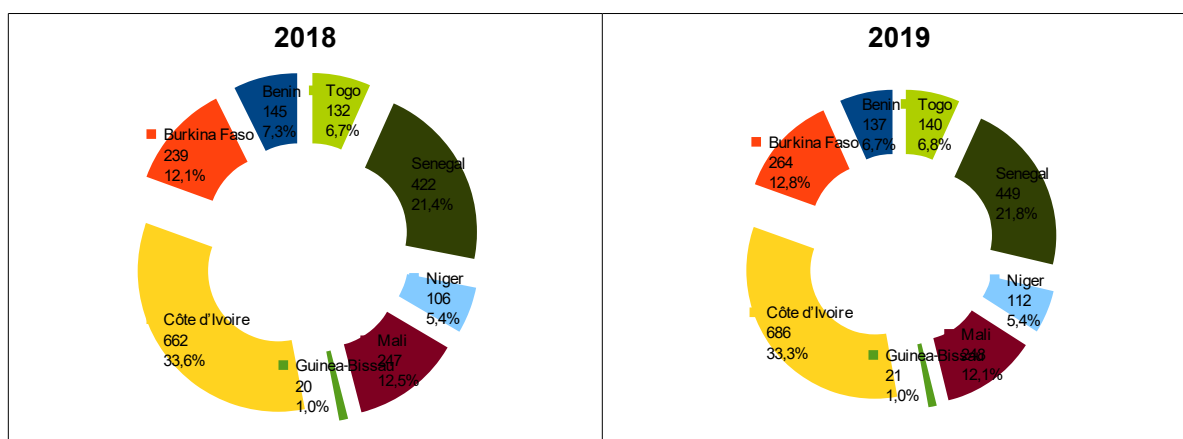
Growth in the NBI generated total operating revenues of 2,141.0 billion in 2019, compared with 2,043.0 billion a year earlier, an annual increase of 4.8%.

Gross operating income rose by 15.1% to 829.1 billion, mainly due to a higher increase in NBI (+4.3%) compared to overhead costs (+0.5%).

Taking into account the net write-downs on risks and losses on bad debts amounting to 235.2 billion, the operating result stood at 603.4 billion at the end of the 2019 fiscal year, compared with 436.4 billion a year earlier.

Overall provisional net income grew by 42.9%, to stand at 542.3 billion at the end of 2019 from 379.4 billion in 2018. All banking centers contributed to this positive trend. Income can be broken down by country as follows, in descending order: Côte d'Ivoire (227.5 billion), Senegal (94.2 billion), Burkina Faso (77.9 billion), Mali (52.1 billion), Togo (31.0 billion), Niger (26.6 billion), Benin (20.0 billion) and Guinea-Bissau (12.9 billion).

Graph 13: Net banking income by banking center in 2018 and 2019 (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

3.1.2.6. Key operating ratios

The net cost-to-income ratio, which measures the level of absorption of the NBI by overhead costs, fell by 2.7 percentage points year over year, from 68.0% in 2018 to 65.3% in 2019.

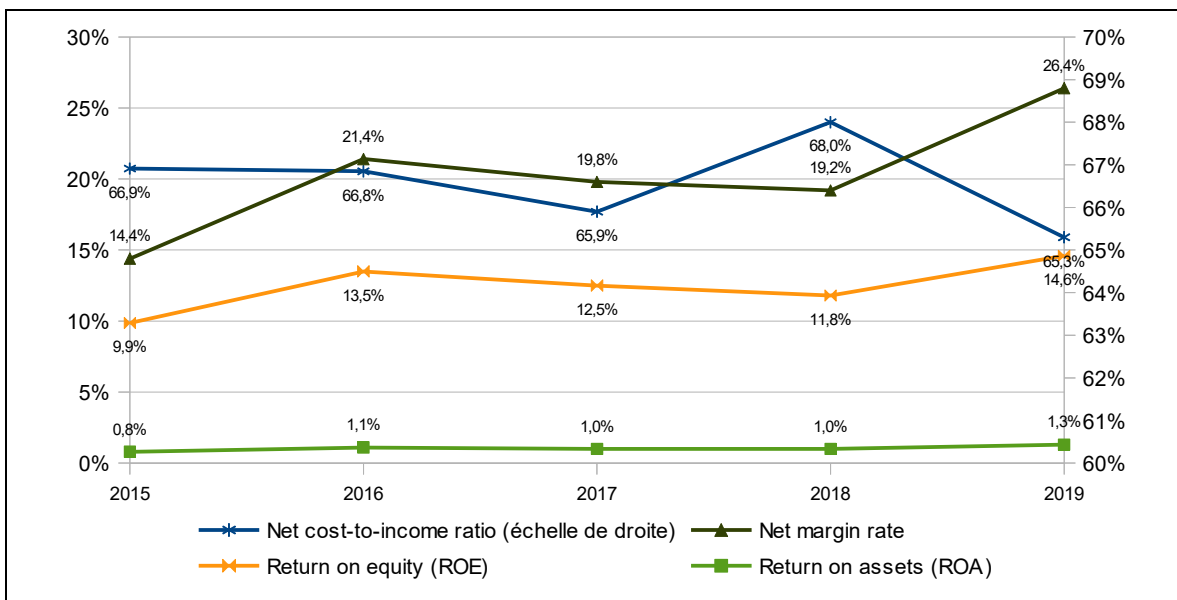
The net margin rate, which measures profitability as a ratio of net income to net banking income, increased by 7.1 percentage points from one year to the next, to stand at 26.4% as at December 31, 2019 from 19.2% a year earlier.

The profitability coefficient (ROE)¹⁸, which is an indicator of return on equity as a proportion of net income, rose by 2.7 percentage points to reach 14.6% at the end of 2019 compared with 11.8% in 2018.

The return on assets ratio (ROA)¹⁹, which determines the ratio of net income to total assets, grew by 0.3 percentage point to reach 1.3% at the end of the fiscal year under review compared with 1.0% in 2019.

¹⁸ Return on Equity (ROE) represents the profitability of equity capital.
¹⁹ Return on Assets (ROA) represents the profitability of assets.

Graph 14: Trends in the key characteristic ratios of the banking system



Source: General Secretariat of the WAMU Banking Commission

Table 8: Summary of the activity and key ratios of credit institutions
(Amounts in millions of CFA F)

HEADINGS	31/12/2017	31/12/2018	12/31/2019 (*)	Change 2019/2018
NET USES (1+2)	30 570 260	32 695 376	35 903 061	9,8%
1. LOANS (a+b+c+d+e)	18 863 071	20 849 089	22 923 984	10,0%
a) Short-term loans	9 451 658	11 899 377	12 314 630	3,5%
b) Medium-term loans	7 383 125	6 807 505	8 361 700	22,8%
c) Long-term loans	855 812	910 143	1 016 422	11,7%
d) Leasing transactions	150 647	165 122	182 060	10,3%
e) Overdue loans	1 021 830	1 066 942	1 049 172	-1,7%
2. OTHER USES (a+b+c+d)	11 707 189	11 846 287	12 979 077	9,6%
a) Investment securities	6 734 871	7 265 816	8 197 979	12,8%
b) Financial fixed assets	547 259	213 104	233 726	9,7%
c) Other fixed assets	3 128 225	3 166 141	3 401 810	7,4%
d) Miscellaneous	1 296 835	1 201 226	1 145 562	-4,6%
RESOURCES (1+2+3)	27 038 866	29 750 406	33 129 641	11,4%
1. DEPOSITS AND BORROWINGS (a+b)	22 742 890	25 119 179	27 836 653	10,8%
a) Demand deposits	12 108 485	13 473 281	14 964 905	11,1%
b) Term deposits	10 634 406	11 645 898	12 871 748	10,5%
2. EQUITY AND SIMILAR RESOURCES (a+b)	2 941 684	3 204 807	3 724 247	16,2%
a) Capital, grants & reserves	2 703 139	2 964 826	3 443 011	16,1%
b) Other	238 544	239 981	281 236	17,2%
3. OTHER RESOURCES	1 354 293	1 426 421	1 568 741	10,0%
CASH: RESOURCES - USES	-3 531 394	-2 944 969	-2 773 420	-5,8%
TRENDS IN INCOME				
TRANSACTIONS WITH THE TREASURY AND INTERBANK TRANSACTIONS	-194 152	-210 223	-192 354	-8,5%
TRANSACTIONS WITH CUSTOMERS	1 295 369	1 388 316	1 404 174	1,1%
SECURITIES TRANSACTIONS AND MISCELLANEOUS TRANSACTION	501 718	527 833	570 102	8,0%
LEASING AND RELATED TRANSACTIONS				
MISCELLANEOUS TRANSACTIONS	254 179	265 849	275 422	3,6%
DEDUCTION OF INTEREST ON OVERDUE RECEIVABLES				
1. NET BANKING OR FINANCIAL INCOME	1 857 114	1 971 776	2 057 343	4,3%
NET ANCILLARY REVENUES	115 098	71 189	83 660	17,5%
2. TOTAL OPERATING INCOME	1 972 213	2 042 965	2 141 003	4,8%
OVERHEAD COSTS	-1 089 913	-1 206 266	-1 212 722	0,5%
NET DEPRECIATION & PROVISIONS ON FIXED ASSETS	-119 761	-116 359	-99 149	-14,8%
3. GROSS OPERATING INCOME	762 539	720 340	829 132	15,1%
NET DEPRECIATION ON RISKS AND LOSS ON UNCOLLECTABLE DEBTS	-344 146	-286 773	-235 204	-18,0%
REINSTATEMENT OF INTEREST ON OVERDUE RECEIVABLES	3 951	2 820	9 421	234,1%
4. OPERATING INCOME	422 345	436 386	603 350	38,3%
NET EXTRAORDINARY INCOME	27 024	26 558	32 812	23,5%
TAX ON PROFITS	-80 873	-83 528	-93 904	12,4%
5. Income	368 496	379 417	542 258	42,9%

() Preliminary figures*

KEY RATIOS	31/12/2017	31/12/2018	12/31/2019 (*)	Difference (2019-2018)
GROSS CUSTOMER PORTFOLIO DETERIORATION RATE <i>Gross overdue receivables / Total gross loans</i>	13,0%	12,5%	11,5%	-1,0
NET CUSTOMER PORTFOLIO DETERIORATION RATE <i>Net overdue receivables / Total net loans</i>	5,4%	5,1%	4,6%	-0,5
RATIO OF COVERAGE OF OVERDUE LOANS <i>Provisions set up / Gross overdue receivables</i>	61,6%	62,2%	63,2%	1,0
RATIO OF COVERAGE OF DOUBTFUL AND DISPUTED RECEIVABLES <i>Provisions set up / Gross doubtful and disputed receivables</i>	70,1%	67,5%	69,2%	1,7
AGGREGATE MARGIN <i>Return on loans - Cost of capital</i>	5,4%	5,2%	4,9%	-0,4
NET COST-TO-INCOME RATIO <i>(Overhead costs+Depreciation expenses) / Net Banking Income</i>	65,9%	68,0%	65,3%	-2,7
NET PROVISIONING RATE <i>Net allocations to provisions / (Gross operating income + Impaired interest)</i>	44,9%	39,7%	29,0%	-10,7
NET MARGIN RATE <i>Net income / Net banking income</i>	19,8%	19,2%	26,4%	7,1
RETURN ON EQUITY <i>Net result / Equity capital</i>	12,5%	11,8%	14,6%	2,7
RETURN ON ASSETS <i>Net result / Total assets</i>	1,0%	1,0%	1,3%	0,3

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

3.1.4. Financial company landscape

The remit of the Banking Commission was extended in 2017 to include the supervision of financial companies. In this context, the Supervisory Authority adopted the list of financial companies operating in WAMU.

As at December 31, 2019, there were twelve (12) financial companies in operation in the Union, compared to ten (10) a year earlier. They were located in the following four (4) countries:

Table 9: Number of financial companies

Countries	Financial holding companies	Intermediate financial holding companies	Total
Benin	-	-	-
Burkina Faso	1	-	1
Côte d'Ivoire	4	2	6
Guinea-Bissau	-	-	-
Mali	-	-	-
Niger	-	-	-
Senegal	2	-	2
Togo	3	-	3
WAMU	10	2	12

Source: General Secretariat of the WAMU Banking Commission

3.1.5. Activities and income of financial companies

As at the end of 2019, financial companies posted a balance sheet total of 29,164.8 billion, up 4.3% compared to the end of 2018, due to trends in the assets of entities located in Burkina Faso (+35.9%), Senegal (+17.6%) and Togo (+7.5%). Those of Côte d'Ivoire saw a 7.2% decline.

Table 10: Financial company balance sheet totals

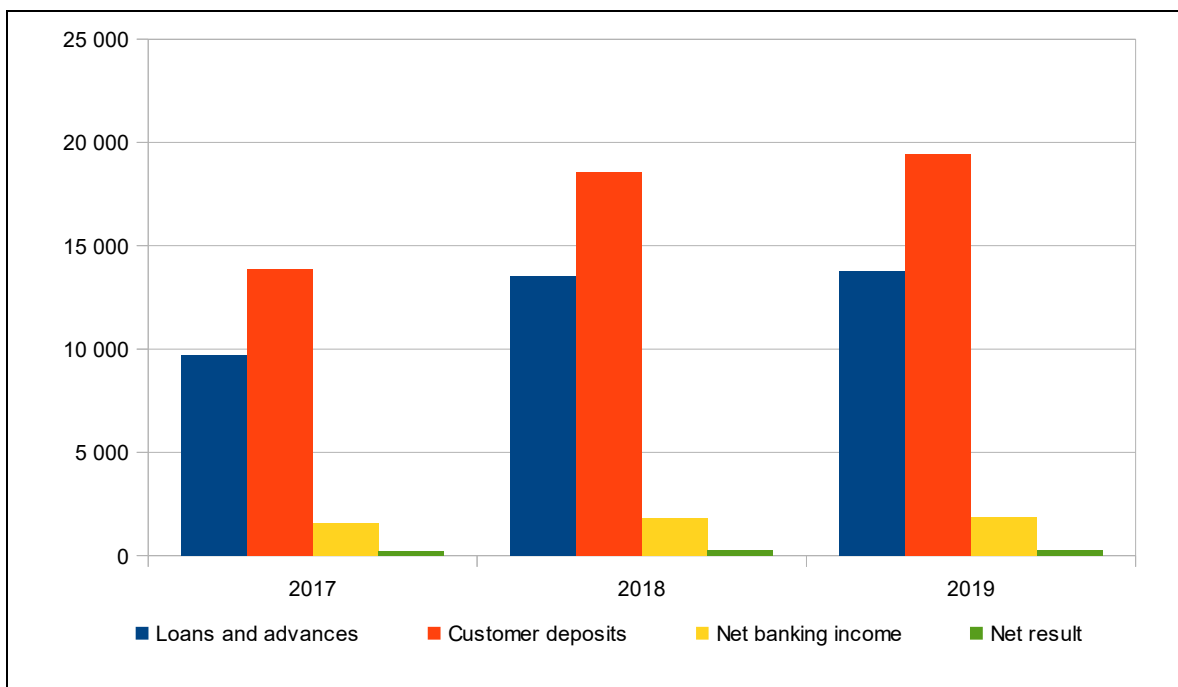
Countries	Balance sheet total (in billions of CFA F)		Change 2019/2018
	2018	2019	
Benin	-	-	-
Burkina	1,850.2	2,514.4	35.9%
Côte d'Ivoire	10,257.7	9,516.2	-7.2%
Guinea-Bissau	-	-	-
Mali	-	-	-
Niger	-	-	-
Senegal	781.3	918.7	17.6%
Togo	15,081.2	16,215.5	7.5%
WAMU	27,970.4	29,164.8	4.3%

Source: General Secretariat of the WAMU Banking Commission

Loans and advances to customers increased by 1.7% over the year, reaching 13,759.3 billion at the end of 2019. Customer deposits increased by 4.5% to stand at 19,422.2 billion as at December 31, 2019.

Net banking income amounted to 1,872.7 billion compared with 1,822.1 billion the previous year, an increase of 2.8%. The net income of financial companies rose by 1.7%, standing at 259.5 billion against 255.1 billion in 2018.

Graph 15: Activities and income of financial companies (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

BOX No. 1: Islamic Finance

Following the enactment of specific provisions on Islamic finance by the Union in 2017 and 2018, the BCEAO took steps to promote this new service via a roadshow aimed at explaining the new regulatory provisions. This roadshow helped raise awareness in 466 participants from regulated microfinance institutions (MFIs) and credit institutions in all eight (8) Member States of the Union.

The national workshops provided an opportunity for stakeholders:

- to gain an understanding of Shari'ah doctrine on business transactions as well as the distinctive features of the Islamic financial system;
- to build their capacities by achieving a better grasp of the regulations governing Islamic finance in WAMU; and
- to understand the organization of Islamic financing services and operations.

To date, eight (8) authorizations have been granted to open Islamic finance branches, including seven (7) in the banking sector and one (1) in the microfinance sector.

Ongoing Central Bank initiatives are aimed at making the regulatory framework for enhanced promotion of Islamic financial institutions (IFIs) fully operational. Specifically, these include the introduction of accounting and prudential frameworks as well as the establishment of a refinancing mechanism for IFIs in WAMU.

The development of the Islamic finance industry also requires giving thought to tax implications to ensure the competitiveness of Islamic finance with conventional financial services. In this context, the BCEAO is taking an active part in the work led by the WAEMU Commission for the drafting of a community regulation on the harmonization of taxes applicable to transactions complying with the rules and principles of Islamic finance.

Furthermore, in order to consolidate the Islamic finance ecosystem, which requires having a dedicated financial market, the Central Bank of West African States is pursuing its initiatives to provide the zone with a regulatory framework for financial securities in compliance with the principles and rules of Islamic finance, under the aegis of the Regional Council for Public Savings and Financial Markets (CREPMF).

3.2 MICROFINANCE SECTOR

3.2.1. Landscape of microfinance institutions

Microfinance is governed by the Uniform Act regulating microfinance institutions (MFIs) and its implementing instruments.

According to the provisions of Article 44 of the Uniform Act and those of Instruction No. 007-06-2010 of the BCEAO on the modalities of supervision and sanctioning by the Central Bank and the WAMU Banking Commission, the BCEAO and the Banking Commission shall proceed, after informing the Minister, with the supervision of all microfinance institutions (MFIs) whose business transactions reach a threshold of two (2) billion in outstanding deposits or loans at the end of two (2) consecutive fiscal years. The other MFIs that do not reach this minimum threshold are supervised by the Ministries in charge of Finance.

Based on the accounting data submitted for the last two (2) fiscal years, i.e. 2017 and 2018, the number of SFDs subject to Article 44 has risen by sixteen (16) units to reach one hundred and seventy-four (174) institutions.

The landscape of MFIs in this category included seventy-five (75) umbrella institutions and ninety-nine (99) basic banks affiliated with networks.

Their breakdown, by country, was as follows:

Table 11: Number of MFIs subject to Article 44

Countries	2019			2018		
	Umbrella organizations (a)	Affiliated banks (b)	Total (a + b)	Umbrella organizations (c)	Affiliated banks (d)	Total (c + d)
Benin	10	10	20	11	8	19
Burkina	14	19	33	12	17	29
Côte d'Ivoire	13	10	23	11	10	21
Guinea-Bissau	-	-	-	-	-	-
Mali	10	6	16	9	4	13
Niger	4	0	4	5	-	5
Senegal	10	43	53	10	38	48
Togo	14	11	25	12	11	23
WAMU	75	99	174	70	88	158

Source: General Secretariat of the WAMU Banking Commission

3.2.2. Activities and income of MFIs subject to Article 44

The financial and statistical data analyzed applied to one hundred and sixty-one (161) MFIs, or 92.5% of the larger institutions. They can be broken down as follows:

Table 12: Breakdown of MFIs subject to Article 44 whose data was analyzed

Country	MFI		
	Umbrella organizations	Affiliated banks	Total
Benin	10	10	20
Burkina Faso	14	17	31
Côte d'Ivoire	13	10	23
Guinea-Bissau	-	-	-
Mali	9	6	15
Niger	4	0	4
Senegal	10	34	44
Togo	13	11	24
WAMU	73	88	161

Source: General Secretariat of the WAMU Banking Commission

As at the end of 2019, these institutions posted a balance sheet total of 2,083.5 billion, up 9.3% compared to the end of 2018, due to the trends in assets in Côte d'Ivoire (+15.9%), Niger (+14.4%), Mali (+12.8%), Burkina Faso (+9.4%), Togo (+8.6%) and Senegal (+8.4%). Assets of MFIs subject to Article 44 in Benin fell by 4.2%.

Table 13: Trends in the balance sheet total of MFIs subject to Article 44

Country	2019		2018		Change 2019/2018
	Balance sheet total (billions of CFA F)	Market weight within the Union	Balance sheet total (billions of CFA F)	Market weight within the Union	
Benin	188,2	9.0%	196,4	10.3%	-4.2%
Burkina	377,7	18.1%	345,2	18.1%	9.4%
Côte d'Ivoire	427,5	20.5%	368,9	19.3%	15.9%
Guinea-Bissau	-	-	-	-	-
Mali	198,4	9.7%	178,7	9.3%	12.8%
Niger	34,0	1.6%	29,7	1.6%	14.4%
Senegal	631,7	30.3%	582,9	30.5%	8.4%
Togo	226,0	10.8%	208,0	10.9%	8.6%
WAMU	2 083,5	100%	1 909,8	100%	9,3%

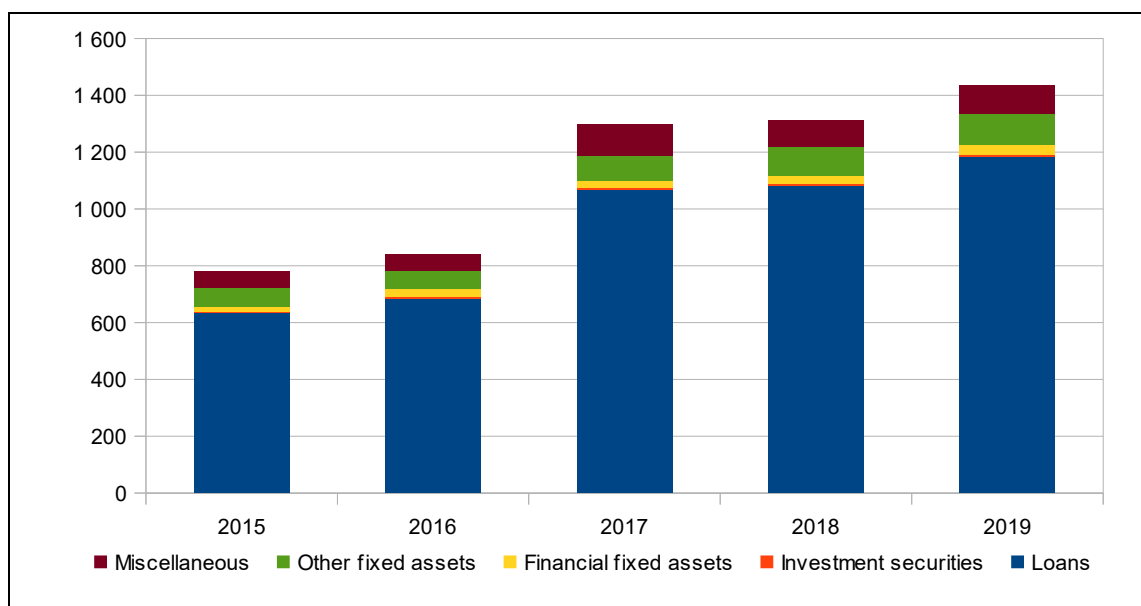
Source: General Secretariat of the WAMU Banking Commission

3.2.2.1. Uses

Uses of MFIs under Article 44 increased, in annual variation, by 9.3%, to stand at 1,435.2 billion at the end of 2019. Their composition continued to be dominated by loans to customers (82.5% in 2019 compared to 82.4% in 2018).

Financial fixed assets accounted for 2.7% of total assets in 2019 compared with 2.4% one year earlier. Other assets (investment securities, other fixed assets and miscellaneous assets) accounted for 14.9%, compared with 15.3% in 2018.

Graph 16: Trends in MFI uses (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

Loans to customers grew by 9.4% year over year, to reach 1,183.8 billion at the end of 2019. They were made up of short-term loans, medium-term loans, long-term loans, overdue loans and financial leasing operations.

Short-term loans amounted to 531.1 billion and represented 44.9% of total loans. They saw annual growth of 7.1%.

Medium-term loans amounted to 454.6 billion at the end of 2019. Totalling 38.4% of loans, they posted an annual increase of 10.5% compared to the previous year.

Long-term loans were estimated at 158.5 billion at the end of 2019, and accounted for 13.4% of all loans. They grew by 15.3% on an annual basis.

Net past due loans amounted to 39.5 billion, representing an annual variation of 7.6%.

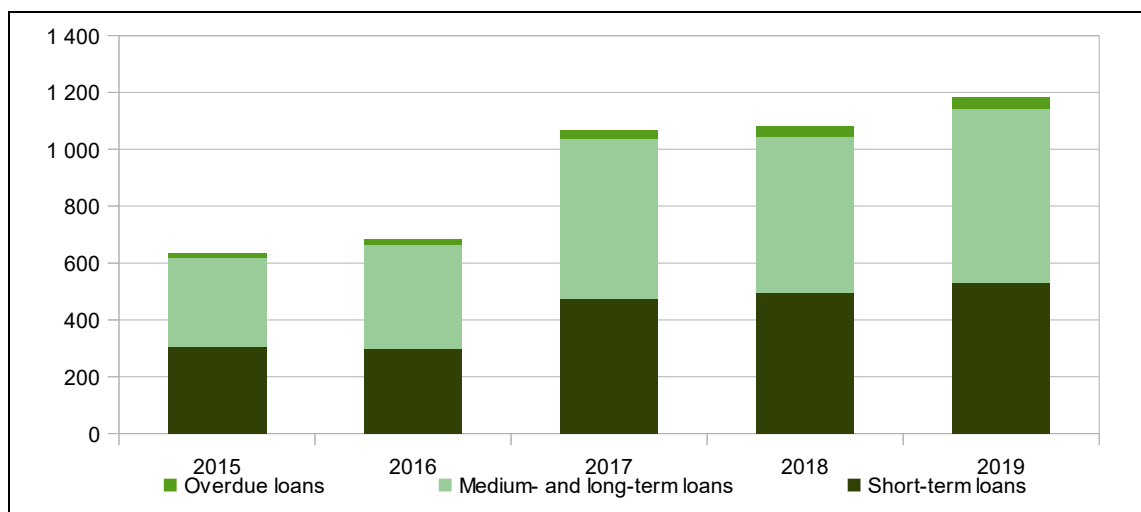
Investment securities were recorded at 5.1 billion at the end of 2019, up by 2.7% compared to the previous fiscal year.

Financial fixed assets stood at 38.1 billion, up 23.1% year on year.

Other fixed assets rose by 6.6% year over year, to total 107.8 billion in 2019.

As for miscellaneous uses (related receivables, inventory accounts, miscellaneous debtors, suspense accounts and miscellaneous accounts, etc.), their total reached 100.5 billion in 2019, up by 6.4% compared to 2018.

Graph 17: Analysis of the structure of loans granted by MFIs (in billions of CFA F)



Source: General Secretariat of the WAMU Banking Commission

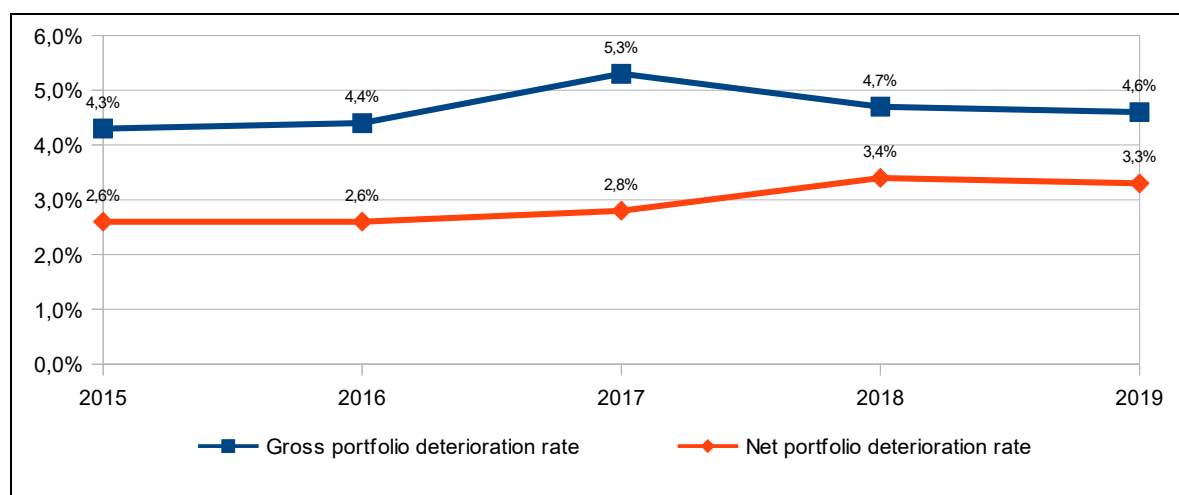
3.2.2.2. Quality of the portfolio

Gross outstanding loans of MFIs subject to Article 44 increased by 5.4%, in annual variation, to stand at 54.0 billion Union-wide at the end of 2019. Taking into account the impact of provisions set up, which amounted to 14.9 billion, net past due loans stood at 39.5 billion in 2019 compared to 36.8 billion a year earlier.

The provisioning rate for overdue loans stood at 27.7% compared to 29.4% at the end of the 2018 financial year.

The gross and net portfolio deterioration rates stood at 4.6% and 3.3%, respectively, at the end of 2019, down by 0.1 point each compared to 2018.

Graph 18: Trends in the credit portfolio deterioration rate of MFIs



Source: General Secretariat of the WAMU Banking Commission

3.2.2.3. Resources

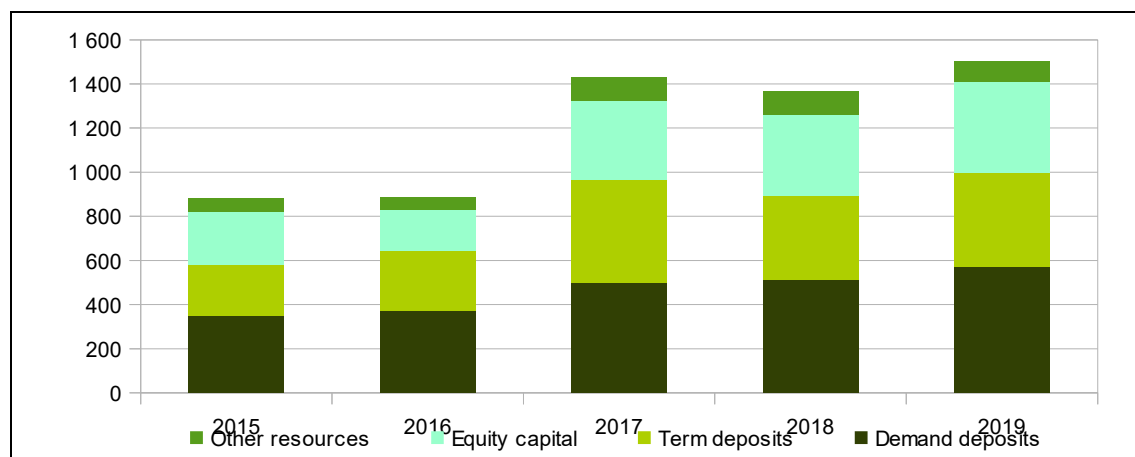
The resources mobilized by MFIs falling under Article 44 increased by 9.9% year on year, reaching 1,501.0 billion as at December 31, 2019. They included deposits and borrowings (66.6%), net equity (27.2%) and other resources (6.2%).

Deposits and borrowings showed an annual increase of 12.1% at the end of 2019, ringing in at 1,000.3 billion. They were made up of demand and term deposits, in respective proportions of 57.2% and 42.8%.

The net equity of MFIs subject to Article 44 increased by 10.8% to stand at 407.7 billion against 368.0 billion at the end of 2018.

Other resources (related receivables, payments to be made on securities and financial fixed assets, suspense accounts and miscellaneous accounts, and provisions for risks and expenses) dropped 11.9% year on year, to settle at 93.0 billion at the end of December 2019.

Graph 19: Trends in MFI resources (in billions of CFA F)

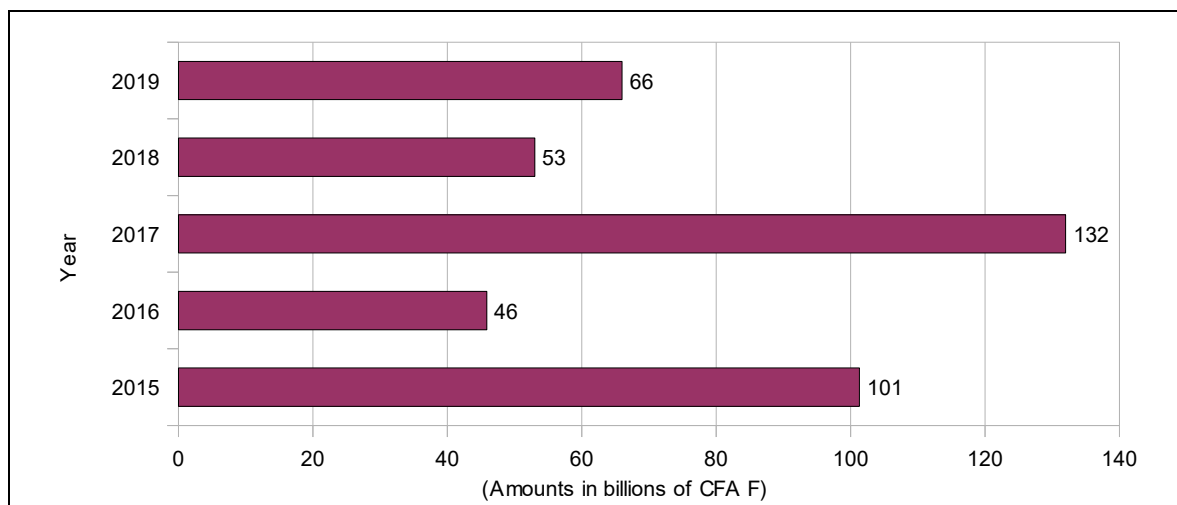


Source: General Secretariat of the WAMU Banking Commission

3.2.2.4. Cash

The cash positions of MFIs subject to Article 44 showed a surplus of 65.8 billion at the end of 2019 compared with 53.0 billion a year earlier, an improvement of 24.1%. This trend was due to the fact that resources grew more significantly (+9.9%) than uses (+9.3%).

Graph 20: Changes in MFIs' cash position

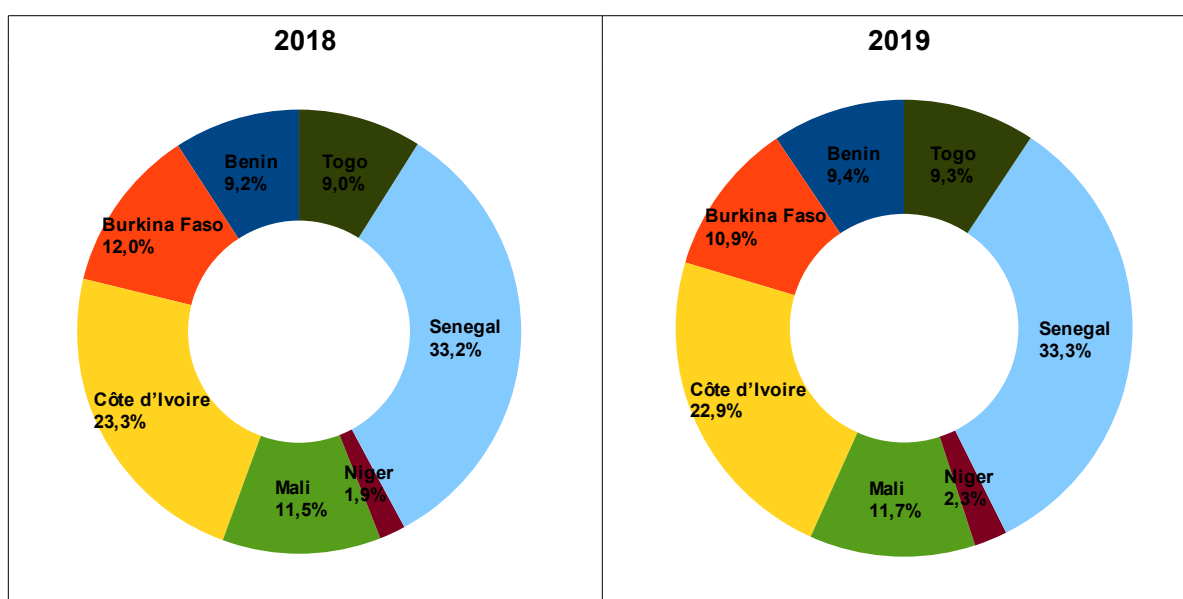


Source: General Secretariat of the WAMU Banking Commission

3.2.2.5. Income

The total Net Financial Income (NFI) stood at 220.5 billion on December 31, 2019, up by 9.6%, on an annual basis.

Graph 21: Net financial income of MFIs by banking center in 2018 and 2019



Source: General Secretariat of the WAMU Banking Commission

The growth in NFI generated total operating revenues of 243.3 billion in 2019, compared with 222.1 billion a year earlier, representing an annual increase of 9.6%.

Gross operating income increased by 6.1% to 56.4 billion, driven by the increase in NFI. The increase in overheads was 11.1%.

Taking into account the net provisions on risks amounting to 35.7 billion, operating income stood at 20.7 billion at the end of the 2019 financial year, compared with 836 million a year earlier.

The provisional net result showed an increase of 172.9% to 28.2 billion, as against an actual performance of 10.3 billion at the end of fiscal year 2018.

The benefits were generated as follows, in descending order, by Senegal (11.2 billion), Burkina Faso (6.3 billion), Côte d'Ivoire (4.8 billion), Benin (3.2 billion), Togo (1.6 billion), Niger (1.0 billion) and Mali (102 million).

3.2.2.6. Key financial ratios

The profit margin increased by 6.4 percentage points between 2018 and 2019, from 0.3% to 6.7%. This indicator measures the share of the operating income generated over the total amount of operating revenue.

Return on equity stood at 5.2% in 2019 compared with 0.2% at the end of 2018. It represents the proportion of income excluding grants to average equity over the period.

The rate of return on assets was 15.2% in 2019 compared to 15.0% a year earlier, an increase of 0.2 percentage points. This ratio compares the amount of interest and fees earned to the income producing assets over the period

The net cost-to-income ratio deteriorated by 1.1 percentage point, year on year, to 79.1% in 2019 compared to 78.0% in 2018. This ratio measures the level of absorption of the NFI by operating expenses.

Table 14: Summary of the activities of MFIs subject to Article 44

(in millions of CFA F)

USES - RESOURCES	31/12/2018	12/31/2019 (*)	Change 2019 / 2018
NETS USES (1+2)	1 313 118	1 435 233	9,3%
1. LOANS (a+b+c+d+e)	1 081 770	1 183 808	9,4%
a) Short-term loans	495 922	531 145	7,1%
b) Medium-term loans	411 566	454 597	10,5%
c) Long-term loans	137 460	158 489	15,3%
d) Leasing transactions	73	37	-49,3%
e) Overdue loans	36 750	39 540	7,6%
. Capitalized loans	7 751	7 275	-6,1%
. Overdue loans by 6 months maximum	19 972	21 916	9,7%
. Overdue loans by 6-12 months maximum	6 305	6 612	4,9%
. Overdue loans by 12-24 months maximum	2 722	3 738	37,3%
(provisions)	15 277	15 164	-0,7%
2. OTHER USES (a+b+c+d)	231 348	251 425	8,7%
a) Investment securities	4 940	5 074	2,7%
b) Financial fixed assets	30 951	38 111	23,1%
c) Other fixed assets	101 082	107 794	6,6%
d) Miscellaneous	94 375	100 447	6,4%
RESOURCES (1 +2 +3)	1 366 123	1 501 016	9,9%
1. DEPOSITS AND BORROWINGS (a+b)	892 641	1 000 335	12,1%
a) Demand deposits	511 081	572 064	11,9%
b) Term deposits	381 559	428 271	12,2%
Term deposits and savings bonds	158 724	178 004	12,1%
Special savings accounts	86 048	98 477	14,4%
Other	136 787	151 790	11,0%
2. NET EQUITY CAPITAL (a+b)	367 950	407 700	10,8%
a) Capital, grants, reserves, balances carried forward, etc.	222 272	262 040	17,9%
incl. 15% of the result (where positive)	3 508	5 347	52,4%
b) Other	145 678	145 660	0,0%
3. OTHER RESOURCES	105 533	92 981	-11,9%
CASH: RESOURCES-USES	53 005	65 784	24,1%
RESULTS			
FINANCIAL INCOME	252 288	274 293	8,7%
FINANCIAL EXPENSES	51 078	53 799	5,3%
1. NET FINANCIAL INCOME	201 210	220 494	9,6%
NET ANCILLARY REVENUES	20 863	22 847	9,5%
2. TOTAL OPERATING INCOME	222 073	243 342	9,6%
OVERHEAD COSTS	156 909	174 402	11,1%
NET DEPRECIATION & PROVISIONS ON FIXED ASSETS	12 026	12 572	4,5%
3. GROSS OPERATING INCOME	53 138	56 368	6,1%
NET RISK PROVISIONS	52 302	35 700	-31,7%
4. OPERATING INCOME	836	20 668	2371,0%
NET EXTRAORDINARY INCOME	8 334	9 857	18,3%
RESULTS FROM PREVIOUS YEARS	4 751	840	-82,3%
TAX ON PROFITS	3 573	3 119	-12,7%
5. NET RESULT	10 349	28 245	172,9%

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

FINANCIAL INDICATORS	31/12/2018	12/31/2019 (*)	Change 2019 / 2018
GROSS PORTFOLIO DETERIORATION RATE <i>Gross overdue receivables / Total gross loans</i>	4,7%	4,6%	-0,2
NET PORTFOLIO DETERIORATION RATE <i>Net overdue receivables / Total net loans</i>	3,4%	3,3%	-0,1
RATIO OF PROVISIONING OF OVERDUE LOANS <i>Provisions set up / Gross overdue receivables</i>	29,4%	27,7%	-1,6
RATIO OF OVERHEAD COSTS TO THE LOAN PORTFOLIO <i>Overhead costs / Gross outstanding loans</i>	14,7%	15,0%	0,3
RETURN ON EQUITY (> 15%) <i>Operating income excluding subsidies / Equity</i>	0,2%	5,2%	5,0
PROFIT MARGIN (> 20%) <i>Operating income / Operating revenue</i>	0,3%	6,7%	6,4
COST-TO-INCOME RATIO (< 40%) <i>Overhead costs / Net Financial Revenue</i>	78,0%	79,1%	1,1
RATE OF RETURN ON ASSETS (> 15%) <i>Interest and fees earned / Productive assets</i>	15,4%	15,3%	-0,1

(*) Preliminary figures

Source: General Secretariat of the WAMU Banking Commission

3.3 ELECTRONIC MONEY SECTOR

The electronic money issuance sector expanded rapidly in the Union, driven by the development of mobile phone-based financial services.

As at December 31, 2019, thirty-eight (38) new financial services based on mobile telephones had been deployed in the Union. This service offer was supported by:

- twenty-six (26) partnerships between banks and telecommunications operators;
- ten (10) electronic money institutions (EMIs); and
- two (2) microfinance institutions (MFIs).

Table 15: Deployments of mobile telephone-based financial services as at December 31, 2019

Country	Partnerships between banks and telecommunications operators	Electronic money institutions (EMIs)	Microfinance institutions (MFIs)	TOTAL
Benin	2	1	1	4
Burkina	3	1	-	4
Côte d'Ivoire	5	5	1	11
Guinea-Bissau	2	-	-	2
Mali	1	1	-	2
Niger	3	-	-	3
Senegal	5	2	-	7
Togo	5	-	-	5
Total	26	10	2	38

Source: General Secretariat of the WAMU Banking Commission

By virtue of its remit, the Banking Commission is responsible for the supervision of EMIs, which also contributes to the overall objective of preserving the stability of the financial system, protecting customer funds and promoting financial inclusion.

3.3.1. Landscape of licensed electronic money institutions

There were ten (10) licensed electronic money institutions in the Union as at December 31, 2019, compared to eight (8) one year prior. They were spread over five (5) countries.

The four (4) subsidiaries of the French Orange Group occupied a dominant position in the system of digital financial services offered by licensed EMIs in the WAMU Union.

3.3.2. Activities of licensed electronic money institutions

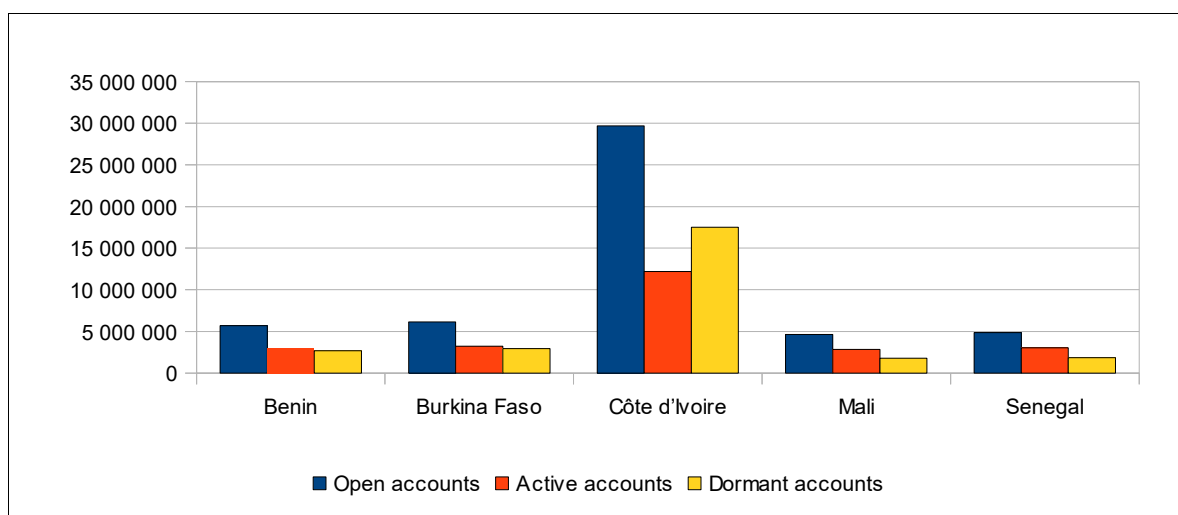
The preliminary statistical data analyzed covered nine (9) of the ten (10) licensed EMIs, i.e. 90.0% of the population.

As at December 31, 2019, the outstanding electronic money issued by these entities stood at 387.6 billion compared to 332.7 billion in 2018, an increase of 16.5%. It was fully guaranteed by the funds held by the EMIs in accounts in the Union's credit institutions.

3.3.2.1. Volume indicators

The number of open e-money accounts stood at 51,009,424 in 2019 compared to 37,001,348 at the end of 2018, an increase of 37.9%. The proportion of active accounts was down to 47.6% from 48.4% the previous year.

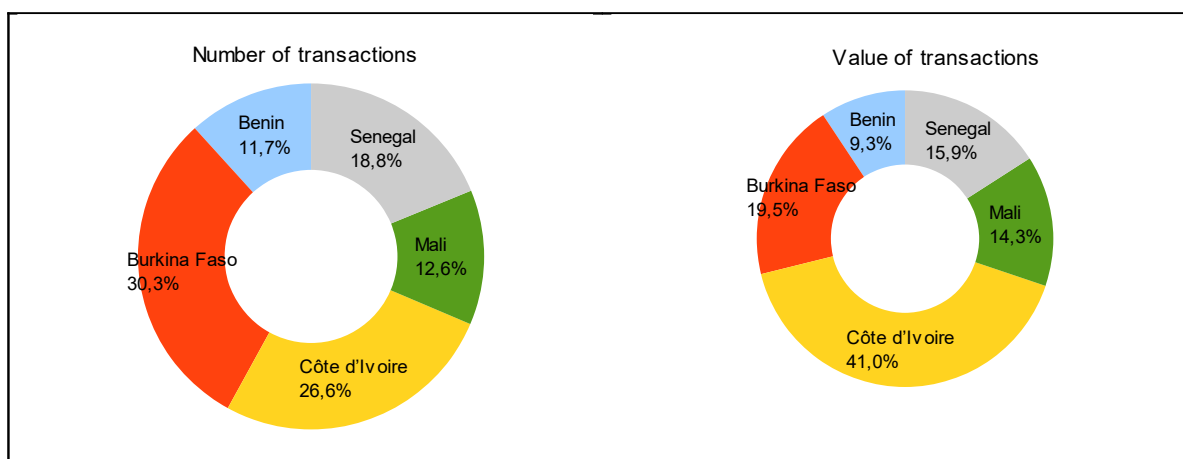
Graph 22: Number of accounts opened by EMIs



Source: General Secretariat of the WAMU Banking Commission

Mobile telephone-based transactions through EMIs increased by 26.0% during the period under review, reaching 26,096.7 billion at the end of 2019 compared to 20,704.3 billion the year before. The overall volume of transactions recorded an annual increase of 40.3%, reaching 2,406,937,675 transactions during the period under review.

Graph 23: Transactions carried out by EMIs as at December 31, 2019



Source: General Secretariat of the WAMU Banking Commission

3.3.2.2. Distribution indicators

The EMI distribution network had 439,584 points of service as at 31 December 2019, an increase of 55.9% in annual variation. It was made up of ATMs, sub-distributors and distribution agents. Active service points (at least one transaction in the last 90 days) represented 63.0% compared to 67.2% a year earlier.

Table 16: EMI distribution network in 2019

Networks	2019
ATMs (a)	76
Sub-distributors (b)	395 801
Distribution agents (c)	43 708
Points of service (a+b+c)	439 585
Active service points (at least one transaction over the past 90 days)	276 840

Source: General Secretariat of the WAMU Banking Commission

3.3.2.3. Mobile telephone-based financial service indicators

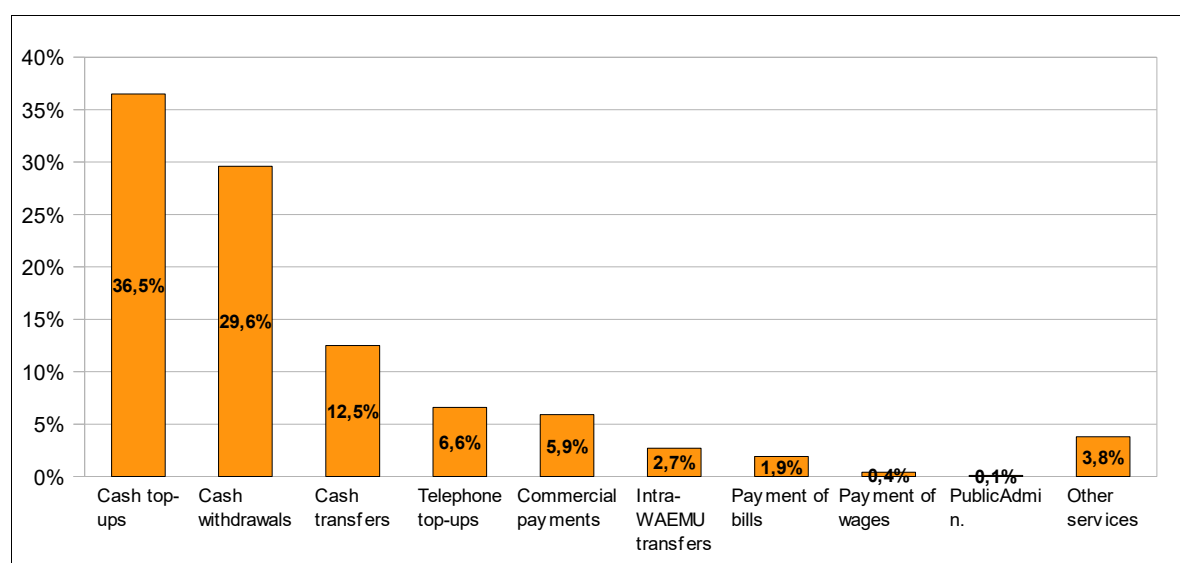
The statistics of the nine (9) EMIs reveal, in terms of consumer habits in the Union, a preponderance of e-wallet top-ups,²⁰ cash withdrawals, person-to-person transfers and telephone top-ups. In terms of volume and value, they represented 84.2% and 83.8% of total transactions in 2019, compared with 87.4% and 87.6% the previous year.

The number of cross-border transfers between the countries of the Union increased by 12.2% in 2019 to total 15,627,097. The value of the transactions increased by 19.9%, from 924.7 billion in 2018 to 740.3 billion at the end of 2019.

As at December 31, 2019, payments made from electronic wallets included, in descending order, the following types of transactions:

- cash top-ups (9,947.7 billion; 36.5%);
- cash withdrawals (8,061.4 billion; 29.6%);
- cash transfers (3,417.6 billion; 12.5%);
- telephone top-ups (1,813.5 billion; 6.6%);
- commercial payments (1,619.1 billion; 5.9%);
- intra-WAEMU transfers (740.3 billion; 2.7%);
- payment of bills (513.4 billion; 1.9%);
- payment of wages (121.9 billion; 0.4%);
- transactions with public administrations (14.2 billion; 0.1%); and
- other services²¹ (1,029.9 billion; 3.8%).

Graph 24: Mobile telephone-based financial service indicators



Source: General Secretariat of the WAMU Banking Commission

²⁰ Deposits of money into electronic wallets.

²¹ Transfers of funds from personal bank accounts to e-wallets, receipt of funds from personal bank accounts, transactions with public administrations (taxes, scholarships, social benefits, etc.), transactions with microfinance institutions, teller transfers, Internet packages, etc..

BOX No. 2: De-risking in WAMU

For banking groups, “de-risking” consists in eliminating risk by divesting from countries or jurisdictions where their operations become less profitable or riskier, in particular due to a tightening of regulatory requirements in the home or host country. This trend often leads to the breakdown of correspondent banking relationships.

However, these correspondent relationships are essential for the execution of remittances. Consequently, certain customers, finding their access to banking services restricted, could be pushed towards “underground” or “informal markets. This situation may well undermine financial stability and inclusion and jeopardize the achievement of the objectives sought through international efforts to ensure and consolidate the integrity and soundness of the financial system.

A report by the Financial Stability Board (FSB), published in July 2017, shows the continuing decline in correspondent banking relationships and the need to counteract this trend.

Although relatively uncommon in WAMU, de-risking is receiving particular attention from the Regulatory Authority. In this context, along with the International Monetary Fund (IMF), the Central Bank of West African States (BCEAO) co-organized a high-level conference on correspondent banking relationships on June 27, 2019 in Dakar, Senegal.

The following topics were discussed at the meeting:

- international and regional trends in correspondent banking relationships;
- increased compliance costs and profitability considerations;
- the strengthening of banks’ capacity to identify, assess and manage risks; and
- developing solutions on various scales and according to the level of responsibility of the actors (public authorities, regulators, regulated institutions, etc.).

At the end of the discussions, approaches?? to solutions emerged. The main measures recommended for the regulated institutions can be summarized as follows:

- increase economies of scale by consolidating transaction flows;
- increase the profitability of operations by adjusting prices or consolidating services;
- reduce costs by standardizing customer information;
- remove barriers to information sharing; and
- reassess the viability of certain business segments and products.

Public authorities, regulators and supervisors were called on to:

- work towards consolidating the regional banking sector, so as to mitigate the effects of any breakdowns in correspondent relationships; and
- strengthen anti-money laundering and anti-terrorist financing controls and regulations, with a view to eliminating, at the root, the main factors that often lead to these breakdowns.

IV. SUPERVISION OF REGULATED INSTITUTIONS

4.1. MONITORING OF THE PRUDENTIAL FRAMEWORK

4.1.1. Prudential situation of credit institutions

According to the preliminary data received from credit institutions for the financial year ending December 31, 2019, the prudential situation of the Union's banking system presented below covers one hundred and twenty-three (123) regulated institutions, including one hundred and nine (109) banks and fourteen (14) bank-like financial institutions, excluding branches.

4.1.1.1. Capital standards

◆ Representation of minimum share capital by Tier 1 capital

This provision requires credit institutions in WAMU to hold, at all times, Tier 1 capital at least equal to the minimum share capital of ten (10) billion for banks and three (3) billion for bank-like financial institutions, as determined by the WAMU Council of Ministers, or to the amount set out in the licensing decision.

These thresholds were met by one hundred and twenty (120) credit institutions, i.e. 97.6% of the regulated institutions concerned. They accounted for 94.8% of the assets and 99.3% of the risk-weighted assets of the banking system.

◆ Minimum CET 1 ratio²²

This ratio measures the proportion of Core Equity Tier 1 capital to risk-weighted assets. The regulatory minimum was set at 6.25% for 2019. Core Equity Tier One capital is the highest quality capital, and is sufficiently stable to absorb losses and ensure business continuity for the institution.

One hundred and four (104) credit institutions, or 84.6%, met this standard. These regulated institutions accounted for 86.8% of the assets and 92.0% of the risk-weighted assets of the banking system.

◆ Minimum T1 ratio²³

This standard, measured using the ratio of core equity tier CET1 plus additional tier one capital or other T1 items to risk-weighted assets, was set at 7.25% for 2019.

The ratio was complied with by one hundred and one (101) credit institutions, i.e. 82.1% of the regulated entities concerned, which accounted for 85.5% of the assets and 89.4% of the risk-weighted assets of the banking system.

◆ Total solvency ratio

Measured based on the ratio of actual equity²⁴ to risk-weighted assets, this indicator was set at 9.5% for 2019.

As at December 31, 2019, the actual equity capital and risk-weighted assets of financial companies stood at 2,873.4 billion and 24,865.1 billion, respectively.

Table 17: Credit institutions broken down according to the minimum solvency ratio

Range	Number of credit institutions	Share of total assets	Share of risk-weighted assets
≥ 9.5%	101	82.2%	89.8%
< 9.5%	22	17.8%	10.2%
TOTAL	123	100%	100%

Source: General Secretariat of the WAMU Banking Commission

In the Union as a whole, one hundred and one (101) credit institutions met the solvency standard. These regulated institutions accounted for 82.2% of the assets and 89.4% of the risk-weighted assets of the banking system.

²² CET 1: Core Equity Tier one

²³ T1: Tier One

²⁴ The equity used to calculate the total solvency ratio is the actual equity capital (AE) obtained by adding core equity tier 1 capital and supplementary tier 2 capital.

On the same date, the total solvency ratio stood at 11.6%, above the minimum regulatory threshold set at 9.5% for 2019 in the Union.

By country, the ratio was as follows :

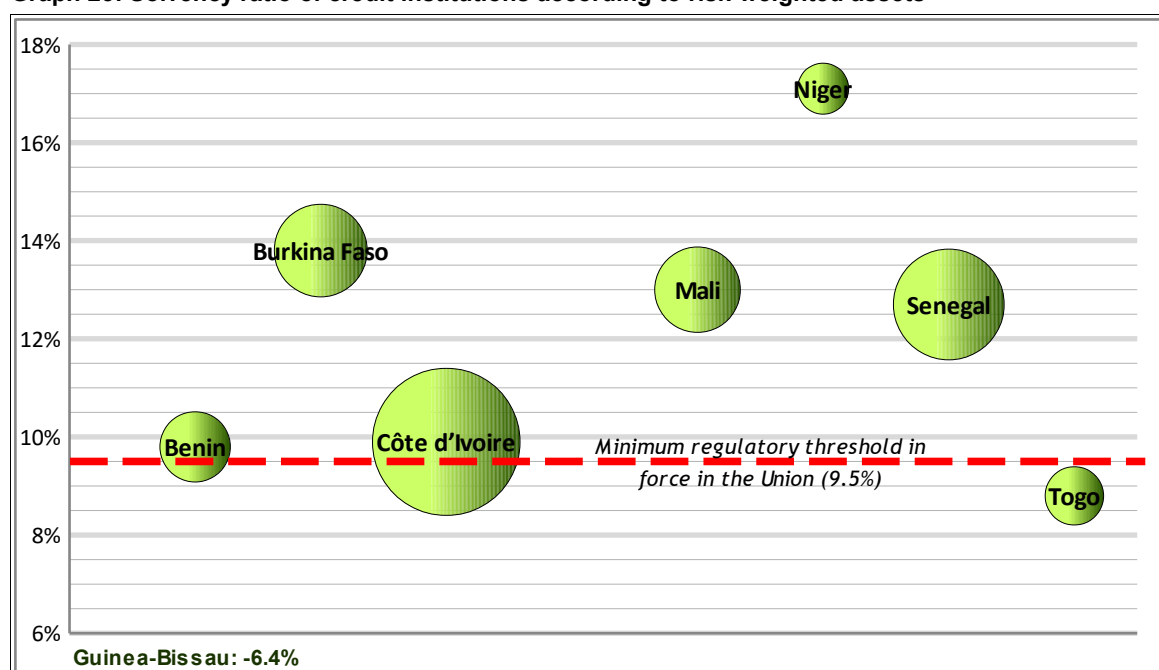
Table 18: Minimum solvency ratio of credit institutions by country

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
9.8%	13.8%	9,9%	-6.4%	13.0%	17.1%	12.7%	8.8%	11.6%

(*) The level of the ratio in Guinea-Bissau was linked to the prudential situation of an institution with negative equity that had a significant weight in the national banking sector.

Source: General Secretariat of the WAMU Banking Commission

Graph 25: Solvency ratio of credit institutions according to risk-weighted assets



The size of the circles represents the volume of risk-weighted assets.

Source: General Secretariat of the WAMU Banking Commission

◆ Risk division standard

The risk division standard, measured by the total risk-weighted assets on a client or a group of related clients in relation to tier one T1, was maintained at a maximum of 55% for 2019. The standard measures customer concentration risk or “major risks”.²⁵

As at 31 December 2019, ninety-three (93) credit institutions, or 75.6% of regulated institutions, representing 78.2% of assets and 80.5% of risk weighted assets, were in compliance with the risk division standard.

By country, the standard of division of risks was as follows :

Table 19: Risk division standard by country

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
136.9%	47,0%	48.4%	756.3%	74.6%	54.6%	69.7%	218.3%	67.9%

(*) The level of the ratio in Guinea-Bissau was linked to the prudential situation of an institution with negative equity that had a significant weight in the national banking sector.

Source: General Secretariat of the WAMU Banking Commission

²⁵ The notion of “major risks” represents a client or a group of related clients whose sum of assets weighted according to credit risk reaches at least 10% of an institution’s T1 core equity capital.

The risk-division ratio in the Union averaged 67.9% as at December 31, 2019, against a regulatory ceiling set at 55% for 2019.

◆ **Leverage ratio**

The purpose of the leverage ratio is to regulate the growth of an institution's balance sheet in relation to its equity capital and to limit the accumulation of leverage in the banking sector. It is measured by tier one equity capital in relation to total exposure (on-balance sheet and off-balance sheet). The minimum standard is 3%.

As at December 31, 2019, total exposure was estimated at 41,799.1 billion. This translates into a leverage ratio of 6.2%. One hundred and one (101) credit institutions, representing 84.6% of assets and 88.6% of risk-weighted assets, were in compliance with the leverage standard.

By country, the leverage ratio was as follows:

Table 20: Leverage ratio by country

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
3,9%	7,3%	5,6%	-1.1%	6,7%	10.6%	8.4%	2.1%	6.2%

(*) The level of the ratio in Guinea-Bissau was linked to the prudential situation of an institution with negative equity that had a significant weight in the national banking sector.

Source: General Secretariat of the WAMU Banking Commission

4.1.1.2. Other prudential standards

◆ **Individual and aggregate restrictions on interests in commercial entities**

As of December 31, 2019, one hundred and nine (109) credit institutions were in compliance with the standard limiting individual holdings in commercial entities to 25% of the capital of these companies. They represented 78.0% of assets and 80.7% of risks borne.

On the other hand, all one hundred and twenty-three (123) credit institutions complied with the standard limiting individual holdings in commercial entities to 15% of the institution's core Tier 1 capital.

In addition, they all complied with the standard limiting overall holdings in commercial entities to 60% of the institution's actual equity capital.

◆ **Ceiling on non-operating assets**

At the end of 2019, one hundred and five (105) credit institutions, whose activity represented 81.4% of assets and 83.9% of risk-weighted assets, were in compliance with the standard limiting non-operating assets to a maximum of 15% of core Tier 1 capital.

◆ **Ceiling on total non-operating assets and equity investments**

As at 31 December 2019, one hundred and eighteen (118) regulated institutions, whose business represented 93.4% of assets and 97.5% of risk-weighted assets, were in compliance with the standard limiting total non-operating assets and equity interests to 100% of core Tier 1 capital.

◆ **Ceiling on loans to shareholders, corporate officers and staff**

One hundred and fifteen (115) credit institutions, representing 89.0% assets and 91.9% of risk-weighted assets, were in compliance with the standard, which limits the aggregate of loans to shareholders, officers and employees to 20% of actual equity capital.

◆ **Coverage of medium- and long-term uses with stable resources**

This standard, which requires that at least 50% of fixed assets be covered by stable resources, aims to prevent excessive transformation of banks' short-term resources into medium- or long-term assets. It contributes to ensuring the balance of the financial structure of credit institutions.

During the period under review, one hundred and three (103) entities, representing 84.8% of assets and 87.0% of risk-weighted assets, complied with this requirement.

◆ Liquidity ratio

Designed to prevent short-term liquidity risks in the banking system, this standard requires credit institutions to have sufficient liquid assets or assets with a residual maturity not exceeding three (3) months to cover at least 75% of their liabilities of the same maturity.

As at 31 December 2019, one hundred and twelve (112) credit institutions, representing 90.6% of assets and 94.9% of risk-weighted assets, met this requirement. With regard to bank-like financial institutions, this ratio applies only to those that take in funds from the public.

Table 21: Liquidity ratio by country

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
110,0%	115,2%	100,5%	87,7%	98,7%	93.1%	104,8%	108.0%	100.5%

Source: General Secretariat of the WAMU Banking Commission

It should be noted that the prudential framework, which came into force in January 2018, provides for a short-term liquidity ratio (STLR) and a long-term liquidity ratio (LTLR).

These ratios will be implemented progressively on the basis of the transitional arrangements established by the regulating authority.

4.1.1.3. Summary of the prudential situation of credit institutions

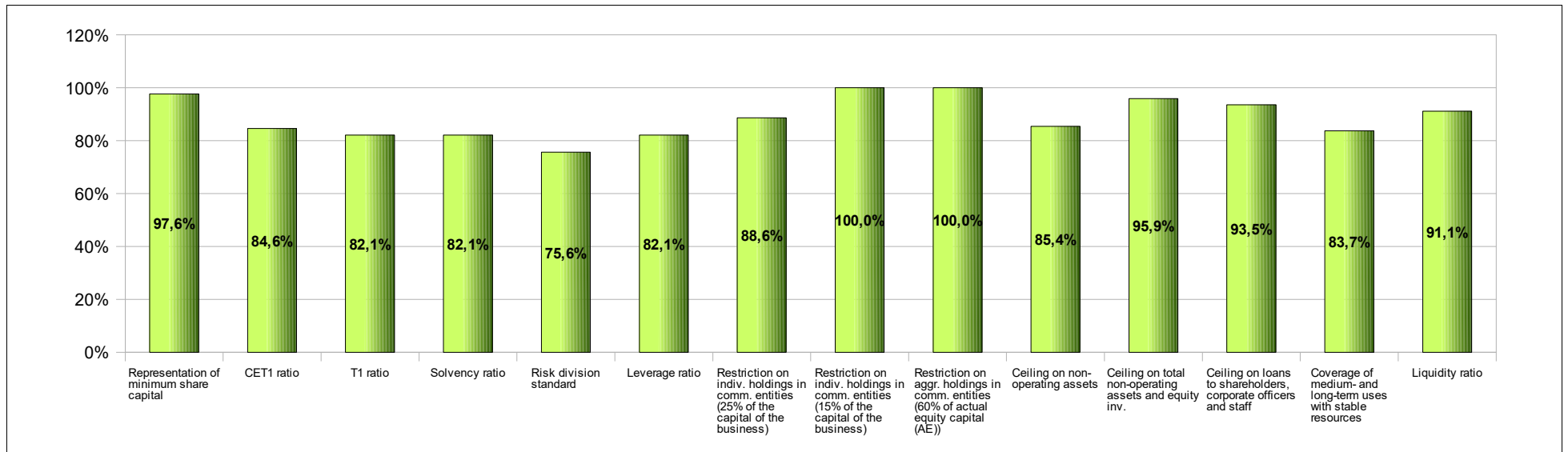
The table and the graph below present a holistic overview of compliance with the prudential framework by credit institutions in operation in the Union at the end of December 2019.

Table 22: Proportion of credit institutions in compliance with the prudential framework

	Representati on of minimum share capital by core tier 1 equity capital	Solvency standards			Risk division standard	Leverage ratio	Other prudential standards							
		CET1 ratio	T1 ratio	Total solvency ratio	Risk division standard	Leverage ratio	Restriction on individual holdings in commercial entities (25% of the capital of the business)	Restriction on individual holdings in commercial entities (15% of core tier one capital (T1)	Restriction on aggregate holdings in commercial entities (60% of actual equity capital)	Ceiling on non- operating assets	Ceiling on total non- operating assets and equity investments	Ceiling on loans to shareholders , corporate officers and staff	Coverage of medium- and long-term uses with stable resources	Liquidity ratio
Benin (13)	13	9	9	8	9	9	12	13	13	10	11	11	11	12
Burkina Faso (16)	16	16	15	15	13	16	12	16	16	15	16	16	15	14
Côte d'Ivoire (25)	24	21	21	20	23	21	22	25	25	24	25	24	21	22
Guinea-Bissau (3)	3	2	2	2	2	2	3	3	3	3	3	3	2	3
Mali (15)	15	14	14	14	9	13	13	15	15	10	14	14	15	15
Niger (12)	12	12	11	12	8	9	11	12	12	8	11	11	9	9
Senegal (25)	25	21	20	20	19	21	22	25	25	22	24	23	21	23
Togo (14)	12	9	9	10	10	10	14	14	14	13	14	13	9	14
WAMU (123)	120	104	101	101	93	101	109	123	123	105	118	115	103	112
Proportion (%)	97.6%	84.6%	82.1%	82.1%	75,6%	82.1%	88.6%	100.0%	100.0%	85.4%	95.9%	93.5%	83.7%	91.1%

Source: General Secretariat of the WAMU Banking Commission

Graph 26: Proportion of credit institutions in compliance with the prudential framework



Source: General Secretariat of the WAMU Banking Commission

4.1.2. Prudential situation of financial companies

Based on the preliminary prudential data received from ten (10) financial companies in operation at the end of fiscal year 2019, the prudential situation on a consolidated basis was as follows.

4.1.2.1. Capital standards

◆ CET1 ratio

This ratio was met by nine (9) financial companies out of the ten (10) that submitted data. They totaled 91.2% of assets and 93.6% of risk-weighted assets.

◆ T1 ratio

This ratio was met by nine (9) financial companies out of the ten (10). They totaled 98.6% of assets and 99.2% of risk-weighted assets.

◆ Total solvency ratio

As at December 31, 2019, the actual equity capital and risk-weighted assets of financial companies stood at 2,395.4 billion and 18,287.5 billion, respectively.

Table 23: Breakdown of financial companies based on the solvency ratio

Range	Number of financial companies	Share of total assets	Share of weighted risks
≥ 9.5%	9	87,7%	87,8%
< 9.5%	1	12,3%	12,2%
TOTAL	10	100%	100%

Source: General Secretariat of the WAMU Banking Commission

Nine (9) financial companies were in compliance with the main solvency ratio. These regulated institutions totaled 87.7% of banking assets and 87.8% of risk-weighted assets.

At the same date, the total solvency ratio stood at 13.1%.

◆ Risk division standard

The risk division standard, which measures the concentration of major risks, was met by seven (7) financial companies out of the ten (10), representing 93.5% of assets and 94.9% of risk-weighted assets.

The risk division ratio stood at 32.0% as at 31 December 2019, against a regulatory ceiling set at 55% for 2019.

◆ Leverage ratio

The leverage ratio, measured through the ratio of tier one equity (T1) to total exposure (on balance sheet and off balance sheet with a minimum standard of 3%, was met by nine (9) financial companies, representing 98.6% of assets and 99.2% of risk weighted assets.

The total exposure of regional SIFIs was estimated at 27,243.4 billion, resulting in a leverage ratio of 7.0%.

4.1.2.2. Other prudential standards

◆ Individual and aggregate restrictions on interests in commercial entities

As at December 31, 2019, eight (8) financial companies, representing 88.1% of assets and 89.9% of risk-weighted assets, were in compliance with the standard limiting individual holdings in commercial entities to 25% of the capital of these companies.

Nine (9) financial companies, representing 98.6% of assets and 99.2% of risk-weighted assets, were in compliance with the standard limiting individual holdings in commercial entities to 15% of the core equity capital of the institution.

In addition, all of the entities complied with the standard limiting overall holdings in commercial entities to 60% of the institution's actual equity capital.

◆ **Ceiling on non-operating fixed assets**

At the end of 2019, one hundred and five (8) credit institutions, whose activity represented 81.4% of assets and 83.9% of risk-weighted assets, were in compliance with the standard limiting non-operating assets to a maximum of 15% of core tier 1 capital.

◆ **Ceiling on total non-operating assets and equity investments**

As at 31 December 2019, one hundred and eighteen (9) regulated institutions, whose business represented 93.4% of assets and 97.5% of risk-weighted assets, were in compliance with the standard limiting total non-operating assets and equity interests to 100% of core tier 1 capital.

◆ **Ceiling on loans to shareholders, corporate officers and staff**

All financial companies complied with the standard limiting aggregate loans to shareholders, managers and employees to 20% of actual equity.

◆ **Coverage of medium- and long-term uses with stable resources**

This standard was met by five (5) financial companies, representing 37.6% of assets and 33.2% of risk-weighted assets.

◆ **Liquidity ratio**

As at 31 December 2019, six (6) financial companies met this requirement. They represented 37.8% of assets and 33.8% of weighted risks.

4.1.3. Prudential situation of microfinance institutions

Based on provisional data received from MFIs subject to Article 44 for the year ended December 31, 2019, the prudential situation presented below applied to one hundred and sixty-one (161) regulated institutions.

4.1.3.1. Prudential standards

◆ **Capitalization standard**

The capitalization standard, determined by the ratio of equity to total assets, is intended to guarantee a minimum level of solvency for the institution with respect to its commitments. The threshold was set at a minimum of 15%.

Equity stood at 414.6 billion at the end of 2019. The risks borne by Article 44 MFIs amounted to 1,792.5 billion. The capitalization ratio was 19.9%, above the minimum regulatory threshold of 15%, compared to 20.2% a year earlier.

Table 24: Breakdown of MFIs according to the capitalization standard

Range	Number of MFIs	Share of total assets	Share of risk-weighted assets
≥ 15%	114	76,5%	76,9%
< 15%	47	23,5%	23,1%
TOTAL	161	100%	100%

Source: General Secretariat of the WAMU Banking Commission

By country, the capitalization ratio was as follows:

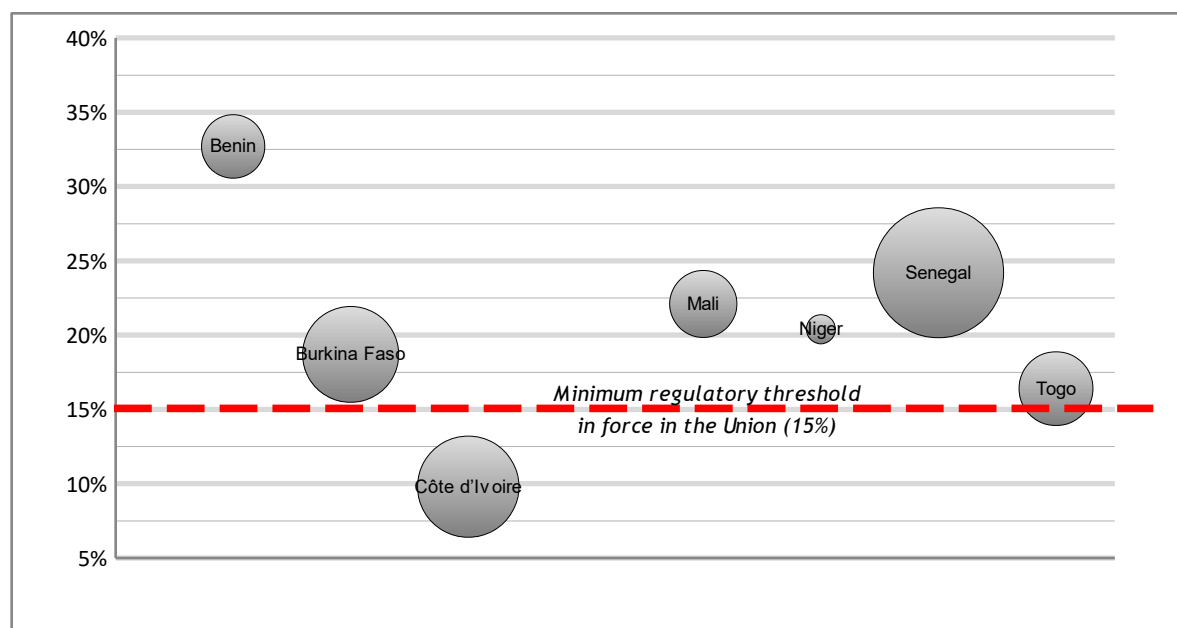
Table 25: Capitalization ratio of MFIs

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
32,7%	18,7%	9,8%	-	22,1%	20,4%	24,2%	16,4%	19,9%

Source: General Secretariat of the WAMU Banking Commission

In the Union as a whole, one hundred and fourteen (114) MFIs subject to Article 44 were in compliance with the standard. They totaled 76.5% of banking assets and 76.9% of risk-weighted assets.

Graph 27: Capitalization ratio of MFIs based on assets



The size of the circles represents the volume of risks borne.

Source: General Secretariat of the WAMU Banking Commission

◆ **Limitation of risks**

The risks to which an MFI is exposed may not exceed twice the amount of its internal and external resources. Thus, the standard to be respected is a maximum of 200%.

One hundred and fifty-eight (158) MFIs subject to Article 44, representing 98.4% of assets and 98.1% of risks borne, were in compliance with the ratio as at December 31, 2019.

◆ **Coverage of medium- and long-term uses with stable resources**

MFIs must finance all of their fixed assets and other medium- and long-term uses with stable resources in order to prevent excessive transformation of their demand and/or short-term resources into medium- or long-term assets. The minimum standard has been fixed at 100%.

The residual maturity, or time remaining, used to calculate the ratio was more than twelve (12) months.

At the end of the period under review, seventy-nine (79) MFIs subject to Article 44, representing 71.1% of assets and 97.4% of risks borne, were in compliance with this ratio.

◆ **Limitation of loans to corporate officers, staff and related parties**

In order to prevent the risk of concentration of loans and commitments by signature in favor of MFI corporate officers and staff, the proportion of resources that can be allocated to them has been set, in accordance with the provisions of Article 35 of the Act regulating MFIs, by the ratio of "limitation of loans and commitments by signature to corporate officers and staff", at 10% of equity capital.

This ratio also serves to control the use of loans granted to executives.

The number of institutions subject to Article 44 that are in compliance with the standard stood at one hundred and twenty-eight (128) at the end of December 2019. They totaled 82.5% of assets and 82.6% of risks borne.

◆ **Limitation of risks taken on a single signature**

Risks taken on a single signature were limited to 10% of equity capital. These risks are defined as outstanding loans granted as well as financing and guarantee commitments to members, beneficiaries or customers.

A single signature shall be understood to mean any natural or legal person acting in their own name and/or on behalf of another organization over which they have, directly or indirectly, a controlling interest, including exclusive or joint control or significant influence, as defined in the specific accounting standards applicable to MFIs.

One hundred and forty-three (143) MFIs subject to Article 44, representing 88.4% of assets and 88.1% of risks borne, were in compliance with this ratio.

◆ **Liquidity ratio**

The liquidity standard measures the institution's ability to meet its current liabilities, i.e. to honor its short-term commitments (maximum 3 months) with its short-term resources in the form of realizable and available assets.

In order to determine the liquidity ratio, three (3) cases must be distinguished:

- for non-affiliated mutual or cooperative savings and loan institutions and other deposit-taking MFIs (associations, limited companies, limited liability companies), the standard to be met was set at a minimum of 100%;
- for affiliated mutual and cooperative savings and loan institutions, the standard to be met was set at a minimum of 80%; and
- for other MFIs that do not collect deposits, the standard to be met was set at a minimum of 60%.

The number of institutions subject to Article 44 in compliance with the standard stood at ninety-five (95) at the end of December 2019. They totaled 74.1% of assets and 76.5% of risk-weighted assets.

◆ **Limitation of operations other than savings and loan activities**

Any activity not included in the scope of savings collection and loan operations as prescribed in paragraphs 1 and 2 of Article 4 of the Act regulating MFIs is considered as an operation other than savings and loan activities.

The standard to be met is a maximum of 5%.

One hundred and fifty-nine (159) entities, representing 99.6% of assets and 99.8% of risks borne, were in compliance with this ratio.

◆ **Limitation of equity investments**

This standard limits the holdings that MFIs may acquire in companies to 25% of their equity capital.

During the period under review, one hundred and fifty (150) entities, representing 97.8% of assets and 97.9% of risks borne, complied with this requirement.

4.1.3.2. Summary of the prudential situation MFIs subject to Article 44

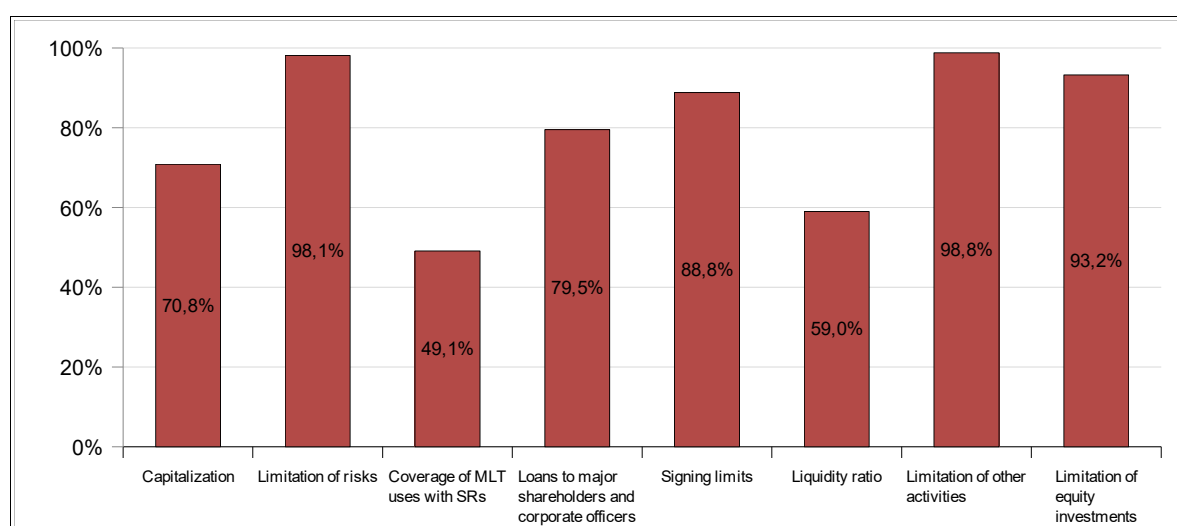
The table and the graph below present a general overview of compliance with the prudential framework by MFIs subject to Article 44 at the end of 2019.

Table 26: Number of MFIs subject to Article 44 in compliance with the prudential framework by country

Country (Number of MFIs)	Capitalization	Limitation of risks	Coverage of MMLT uses with stable resources	Loans to major shareholders and corporate officers	Signing limits	Liquidity ratio	Limitation of other activities	Limitation of equity investments
Benin (20)	15	20	11	20	20	10	19	19
Burkina Faso (31)	22	29	14	18	27	9	30	30
Côte d'Ivoire (23)	10	23	8	21	16	14	23	23
Guinea-Bissau (0)	-	-	-	-	-	-	-	-
Mali (15)	13	15	13	13	14	12	15	15
Niger (4)	4	3	4	4	4	4	4	4
Senegal (44)	34	44	21	31	38	35	44	37
Togo (24)	16	24	8	21	24	11	24	22
Numb. of MFIs: 161	114	158	79	128	143	95	159	A150
WAMU	70.8%	98.1%	49.1%	79.5%	88.8%	59.0%	98.8%	93.2%

Source: General Secretariat of the WAMU Banking Commission

Graph 28: Proportion of MFIs in compliance with the prudential framework



Source: General Secretariat of the WAMU Banking Commission

4.1.4. Prudential situation of electronic money institutions

As at the end of December 2019, the prudential situation of all EMIs was as follows, based on the preliminary data received from nine (9) institutions out of the total of ten (10) licensed EMIs.

4.1.4.1. Prudential standards

◆ Coverage ratio

This ratio requires each electronic money institution to have at least 3.0% of its outstanding electronic money covered by its own capital. It was respected by eight (8) of the nine (9) EMIs, which posted, at the Union level, a coverage rate of 25.6%.

◆ Hedge ratio

The hedge ratio is the ratio of the value of financial investments associated with e-money and demand deposits to the outstanding amount of e-money. This indicator stood at 117.6%, against a minimum standard of 100%. Seven (7) of the nine (9) EMIs were in compliance with this requirement.

◆ **Investment ratio**

This standard limits the value of financial investments involving e-money to 25% of the outstanding amount of e-money. Eight (8) of the nine (9) EMIs respected this ratio, which stood at 17.6%.

4.1.4.2. Summary of the prudential situation

The table below presents an overview of compliance of active EMIs with the prudential framework as at December 31, 2019

Table 27: Prudential situation of EMIs

Countries	Number of EMIs in compliance		
	Coverage ratio ($\geq 3\%$)	Hedge ratio ($\geq 100\%$)	Investment ratio ($\leq 25\%$)
Benin (1)	1	1	1
Burkina Faso (1)	1	1	1
Côte d'Ivoire	3	2	3
Guinea-Bissau (0)	-	-	-
Mali (1)	1	0	1
Niger (0)	-	-	-
Senegal (2)	2	2	2
Togo (0)	-	-	-
Total (9)	8	7	8

Source: BCEAO

BOX No. 3: Supervision of cyber-risks in WAMU

The widespread use of online banking, the expansion of mobile banking services and the growing importance of technology, especially the Internet, in exchanges between financial institutions and with their customers are all factors that highlight the predominant role of information and communication technologies in the banking system of the sub-region. Subsequently, these aspects are now integrated into the monitoring of the risks borne by credit institutions.

Cyber risk is defined as the combination of the probability of an event affecting an organization's information assets, computing capabilities and communication resources and the consequences of that event on the organization. According to the Basel Committee on Banking Supervision, it is one of the key risks associated with the emergence of financial technology companies.

Monitoring of regulated institutions in WAMU has revealed an increase in cyber security incidents, sometimes with significant financial and/or operational costs.

In the view of the WAMU supervisory authority, the monitoring of this category of risks requires, firstly, its inclusion in the internal risk management of the institutions and, secondly, the implementation of capacity building for the SGCB.

Regarding the first point, the monitoring of cyber risks is subject to the provisions dealing with operational risk, contained in Circular No. 04-2017 on risk management in WAMU credit institutions and financial companies.

Capacity building for the SGCB is being addressed through staff training. To take one example, a delegation from the SGCB took part in workshops in Abidjan (October 3-4, 2019), Cotonou (September 23-26, 2019) and Washington DC (December 4-6, 2019) on cyber security. The discussions highlighted the new techniques used by cybercriminals, the mapping of financial and technological interconnections as well as reporting and information sharing.

4.2 ACTIONS AND MEASURES

In the course of 2019, the Banking Commission held four (4) ordinary sessions of the Supervisory College and one (1) meeting of the Resolution College, on the following dates and in the following locations:

- **Ordinary sessions of the Supervisory College**
 - March 18, 2019, in Dakar, Senegal
 - June 19, 2019, in Abidjan, Côte d'Ivoire
 - September 18, 2019, in Abidjan, Côte d'Ivoire
 - December 16, 2019, in Abidjan, Côte d'Ivoire
- **The Meeting of the Resolution College** was held on December 13, 2019, in Abidjan, Côte d'Ivoire.

With regard to the members of the Supervisory College appointed by the States, changes were recorded, as of the session of March 18, 2019, in the representation of Senegal and France, with the appointment of:

- Mr. Moussa Touré, replacing Mr. Aliou Ndiaye; and
- Mr. Paul Teboul, in place of Mr. Samuel Goldstein.

With regard to the members appointed to the Supervisory College by the Council of Ministers, the Banking Commission recorded the nomination of:

- Mr. Epiphane Adjovi;
- Mr. Moussa Jean Christophe Milogo;
- Mr. Tiépori N'Golo Coulibaly;
- Mr. João Alage Mamadù Fadia;
- Mr. Boubacar Touré;
- Mr. Zouladaïni Malam Gata;
- Mr. Amadou Sadickh Diop;
- Mr. Afanou Kodjo Théophile Locoh; and
- Mr. Christian Durand.

With regard to the Resolution College, no changes were noted.

4.2.1. Administrative measures

Pursuant to the provisions of Article 29 of the Annex to the Convention governing it, the Banking Commission issued thirty-one (31) injunctions during the financial year 2019, compared to fifty (50) in 2018. They were taken out against credit institutions, microfinance institutions and electronic money institutions based in Benin (3), Côte d'Ivoire (8), Guinea-Bissau (3), Mali (3), Senegal (4) and Togo (10). In general terms, these injunctions were focused on:

- full implementation of the recommendations of audit assignments;
- providing the SGCB with a comprehensive report on the measures implemented to correct all the shortcomings identified at the end of the audit assignments; and
- compliance with the share capital standard and its representation by core tier 1 capital.

The Banking Commission also placed two (2) credit institutions located in Côte d'Ivoire and Senegal, and two (2) microfinance institutions located in Togo under close supervision.

In addition, the supervisory authority issued one (1) measure prohibiting the distribution of dividends against one (1) bank in Côte d'Ivoire.

In addition, it lifted the measures prohibiting the distribution of dividends to four (4) credit institutions in Niger (2) and Senegal (2), in view of the satisfactory implementation of the terms of the injunctions that had been addressed to them in 2018. However, such measures were maintained for five (5) credit institutions located in Côte d'Ivoire (2), Guinea-Bissau (1) and Togo (2), in view of the unsatisfactory implementation of the terms of the injunctions addressed to them in 2018.

4.2.2. Disciplinary sanctions

Pursuant to the provisions of Article 31 of the Annex to the Convention governing the Banking Commission, the Supervisory Authority, after duly convening and hearing the managers of credit institutions, microfinance institutions and electronic money institutions established in the Union, imposed disciplinary sanctions, namely eight (8) reprimands, ten (10) warnings, five (5) suspensions and/or banning from the profession and one (1) withdrawal of a licence as follows:

◆ Reprimands

- a reprimand against one (1) bank in Côte d'Ivoire;
- a reprimand against one (1) EMI based in Côte d'Ivoire;
- reprimands against two (2) MFIs located in Benin and Togo;
- reprimands against the Chairperson of the Board of Directors and the General Managers of MFIs in Benin (3) and against the Chairperson of the Board of Directors of a microfinance institution in Togo (1).

◆ Warnings

- Warnings were issued to credit institutions in Benin (1), Burkina Faso (1), Côte d'Ivoire (2), Mali (3) and Senegal (2); and
- a warning was issued to an MFI based in Togo (1).

◆ Suspension or banning from the profession

- suspension of a Chairperson of the Board of Directors of an MFI in Benin;
- prohibitions from directing, administering or managing an MFI or any other establishment subject to the control of the Banking Commission, pronounced against a Chairperson of the Board of Directors and a former General Manager of an MFI located in Benin; and
- permanent bans on directing, administering or managing a credit institution, an MFI or any other institution subject to the supervision of the Banking Commission, imposed on a former Chairperson of the Board of Directors and a former Director of a bank established in Côte d'Ivoire.

◆ Licensing withdrawals

The Banking Commission withdrew the licence of one (1) MFI located in Benin, in view of its situation marked mainly by the cessation since 2017 of its credit distribution activity.

4.2.3. Notices to Ministers of Finance

4.2.3.1. Ordinary notices

◆ Extension of the term of office of an interim administrator

The Banking Commission issued two (2) approval notices for the extension of the term of office of the interim administrator of a bank established in Togo, in order to allow them, in collaboration with the national authorities, to complete all of the tasks set out in the terms of reference of their mission, in application of the provisions of articles 60 and 61 of the banking regulation act.

◆ Extension of the term of office of a liquidator

The Supervisory Authority issued one (1) approval notice for the extension of the duration of the liquidation and the term of office of the liquidator of a bank established in Côte d'Ivoire, with a view to permitting the completion of all of the tasks set out in the terms of reference of their mission, contained in Decision No. 051-09-2018/CB/C of September 18, 2018.

4.2.3.2. Binding notices

◆ Exemptions from the nationality requirement for directors and officers who are not nationals of Member States

During the period under review, the Community's Banking Supervisory Authority issued the following binding notices to potential candidates for management or administrative positions who were not nationals of WAMU Member States:

- forty-six (46) notices of assent, for thirty-one (31) directors' positions and fifteen (15) management positions; and
- one (1) unfavorable notice for one (1) management position.

◆ Licences

In 2019, the Banking Commission issued three (3) favorable recommendations²⁶ on applications for licences to carry out banking activities, submitted by limited companies in Côte d'Ivoire (1) and bank-like financial institutions in Benin (1) and Togo (1).

◆ Changes in ownership structure

During the 2019 financial year, pursuant to the provisions of Articles 15, 16, 39 and 41 of the banking regulation act, during the 2019 financial year, the Banking Commission issued fourteen (14) favorable opinions on applications for prior authorization to change the shareholding structure of credit institutions located in Benin (1), Burkina Faso (1), Côte d'Ivoire (2), Guinea-Bissau (1), Mali (2), Niger (1), Senegal (4), and Togo (2).

It also issued three (3) unfavorable opinions in response to requests for prior authorization to change the shareholding structure of banks located in Côte d'Ivoire (1), Niger (1) and Senegal (1).

◆ Changes of company names

The Banking Commission issued three (3) favorable opinions in response to applications for prior authorization to change the company name or trade name of banks located respectively Côte d'Ivoire (1), Senegal (1), and Togo (1).

◆ Change of legal form

The supervisory authority gave a favorable opinion in response to one (1) application for prior authorization to change the legal form of one (1) bank established in Côte d'Ivoire.

◆ Opening of an Islamic branch

The Banking Commission issued favorable opinions on six (6) applications for prior authorization submitted by six (6) credit institutions in Benin (1), Burkina (1), Côte d'Ivoire (1), Mali (1), Senegal (1) and Togo (1) for the opening of an Islamic branch in their country.

◆ Individual and temporary exemption from a prudential standard

The Supervisory Authority issued one (1) unfavorable opinion in response to a request from a Senegalese bank for an individual and temporary exemption from the "loans to major shareholders, corporate officers, staff and statutory auditors" limitation standard.

4.2.4. Other measures

4.2.4.1. Approval of the appointment or renewal of terms of office of statutory auditors

During fiscal year 2019, the Banking Commission issued decisions approving the appointment or reappointment of statutory auditors (SAs) in:

- fifty-six (56) decisions concerning credit institutions, distributed as follows: three (3) in Benin, eight (8) in Burkina Faso, thirteen (13) in Côte d'Ivoire, one (1) in Guinea-Bissau, six (6) in Mali, seven (7) in Niger, ten (10) in Senegal and eight (8) in Togo;
- two (2) decisions regarding two (2) financial companies located in Côte d'Ivoire;

²⁶ In 2019, four (4) institutions were granted licences based on decisions taken by the Ministers of Finance of the host countries of the institutions. A limited company based in Côte d'Ivoire obtained a favourable recommendation in December 2018 in response to its licensing application to the Banking Commission, which was granted by Order in February 2019.

- and seventeen (17) decisions pertaining to SAs in microfinance institutions located in Benin (1), Côte d'Ivoire (3), Mali (2), Niger (1), Senegal (1), and Togo (9).

4.2.4.2. Placing under liquidation

The Banking Commission ordered the placing under liquidation of a microfinance institution in Benin, which had its license withdrawn following a disciplinary procedure.

4.2.4.3. Other decisions

The Banking Commission also issued the following other decisions during the year under review:

- withdrawal of authorization to set up two (2) bank branches in Benin (1) and Senegal (1);
- refusal to extend the time limit for holding non-operating assets acquired by realizing guarantees in respect of four (4) banks, respectively based in Niger (1) and Senegal (3);
- placing under interim administration of an MFI in Benin;
- authorization to set up branches in Senegal (1) and Togo (1) in response to an application by a bank based in Mali;
- refusal of establishment authorization:
 - in Burkina Faso (1) and Mali (1) following an application by a bank based in Côte d'Ivoire;
 - in Côte d'Ivoire (1) and Togo (1) following an application from a bank based in Burkina Faso;
- twenty (20) summonses of managers of credit institutions (14), EMIs (1) and MFIs (5), for hearings within the framework of disciplinary procedures with regard to infringements of the regulations in force or shortcomings noted at the outcome of audit assignments;
- inclusion of four (4) entities located in Côte d'Ivoire (2), Senegal (1) and Togo (1) on the list of WAMU financial companies.

V. RESOLUTION OF BANKING CRISES



Banking crisis resolution in the zone is governed by the provisions of the Annex to the Convention governing the WAMU Banking Commission.

As part of the activities in this area, the Resolution College held its second meeting on December 13, 2019, in Abidjan, Côte d'Ivoire.

During this session, discussions focused on the progress made in the application of the resolution regime, in particular on the operational implementation of the system for dealing with banks in difficulty.

Indeed, the operationalization of the WAMU resolution regime requires several complementary actions, as follows.

5.1 IDENTIFYING SIFIs

Identifying systemically important financial institutions (SIFIs) is one of the steps in the implementation of the banking crisis resolution mechanism. The institutions whose difficulties or failure could significantly affect the economic and financial system of the Union or of Member States are the main entities subject to the resolution mechanism in WAMU.

The Annex to the Convention provides for two types of SIFIs, namely regional SIFIs and national SIFIs. This option is justified, on the one hand, by the regional nature of the banking system and its regulatory framework and, on the other, by the fact that the failure of a bank that is not of systemic importance at the regional level could have significant repercussions at the national level.

In accordance with the provisions in force, the BCEAO has developed a methodology for identifying these SIFIs. In this respect, four (4) criteria were selected to assess the systemic importance of banks at Union and country level, namely size (weight within the financial system), interdependence (reciprocal exposures in the financial sector), substitutability (dependence of the financial system on the institution) and complexity (sophistication of the products, operations or business model).

The methodological framework for identifying SIFIs and determining the capital surcharge applicable thereto was disseminated to the banking profession in December 2019 via Central Bank Notification No. 001-12-2019.

On this basis, the list of SIFIs will be drawn up and published, in accordance with the provisions in force, by the Supervisory College in the course of 2020.

5.2 PRODUCTION OF PREVENTIVE RECOVERY PLANS BY THE REGULATED INSTITUTIONS AND EVALUATION OF THE SAID PLANS BY THE SUPERVISORY COLLEGE

A preventive recovery plan includes all the measures that may be taken by all regulated institutions to deal with a significant deterioration in their financial situation or that of the group to which they belong.

It is a preventive tool required in the framework of supervision and evaluated by the Supervisory College.

The preventive recovery plans of institutions subject to the resolution mechanism, duly validated by the Supervisory College, are to be submitted by the latter to the Resolution College, with a view to the drawing up of resolution plans.

In this respect, the provisions relating to the preparation and communication of preventive recovery plans for regulated institutions will be formalized in 2020 in a circular issued by the Banking Commission.

5.3 DRAFTING OF RESOLUTION PLANS BY THE RESOLUTION COLLEGE

A resolution plan includes all the measures that the Resolution College may take to deal with the failure of a SIFI. It is drawn up on the basis of the recovery plans.

A resolution plan is implemented when the Resolution College decides, at the request of the Supervisory College, to place a SIFI under a resolution procedure when their situation is deemed critical and unsustainable.

As in the case of the preventive recovery plans, a draft template including all of the elements of the resolution plan has been drawn up.

5.4 DEFINING TERMS AND CONDITIONS FOR THE IMPLEMENTATION OF THE RESOLUTION REGIME

The effective implementation of the provisions relating to the resolution of banking crises in WAMU requires the adoption of a specific legal vehicle, in this case a circular issued by the Banking Commission.

With this in mind, a review was conducted of the experiences and practices of peer resolution authorities whose arrangements for dealing with banking difficulties were deemed to comply with international standards, in particular the standards laid down by the Financial Stability Board.

When its work was completed, the Resolution College issued guidelines on the timeline of actions to be implemented in order to facilitate the full application of this mechanism in the Union.

VI. COOPERATION AND TRAINING ACTIVITIES

6.1. COOPERATION ACTIVITIES

The changes in the banking landscape in the Union in recent years, marked in particular by the establishment of subsidiaries of cross-border banking groups, have given rise to the development of strategies for pooling and outsourcing of certain operations.

This change in the banking environment has brought new challenges in terms of supervision and strengthening cooperation with counterpart supervisors.

6.1.1. Implementation of cooperation agreements

As part of the implementation of cooperation agreements, the General Secretariat of the WAMU Banking Commission attended the 7th annual bilateral meeting with the General Secretariat of the Banking Commission of Central Africa (COBAC), on June 24 and 25, 2019 in Abidjan, Côte d'Ivoire.

In addition, the Banking Commission participated in eight (8) joint missions with other banking supervisors in 2019:

- four (4) with Bank Al-Maghrib, namely two (2) in Morocco with the parent companies of Moroccan-owned banks established in WAMU and two (2) with subsidiaries of banking groups in this jurisdiction;
- two (2) with the Banking Commission of Central Africa, with financial companies holding subsidiaries in the CEMAC zone;
- one (1) with the French Prudential Supervision and Resolution Authority, with a bank operating in the Union whose parent company is in France; and
- one (1) with the Central Bank of Nigeria (CBN) at a regulated institution, subsidiary of a Nigerian banking group.

6.1.2. Relations with groups of banking supervisors

The growth of the cross-border dimension of the business activities of credit institutions established in WAMU led the Supervisory Authority to strengthen its cooperation with foreign supervisors and regulators.

In this respect, the General Secretariat of the Banking Commission initiated the following meetings in Abidjan, Côte d'Ivoire:

- the fifth meeting of the College of Supervisors of Oragroup, on October 18, 2019; and
- the fifth meeting of the College of Supervisors of the Ecobank group, on October 28-30, 2020.

These meetings, organized by the WAMU Banking Commission in its role as home supervisor, fell within the framework of the implementation of the Basel Committee's recommendations for the effective supervision of cross-border banking groups.

The SGCB also attended six (6) meetings of the colleges of supervisors of foreign banking groups with subsidiaries in the Union. These notably included:

- the meeting of the College of Supervisors of the Bank Of Africa group subsidiaries, on April 24, 2019, in Casablanca, 2020 Morocco;
- the meeting of the College of Supervisors of the Atlantic Business International (ABI) Group subsidiaries, on April 25, 2019, in Casablanca, Morocco;
- the meeting of the College of Supervisors of the UBA Group subsidiaries, from July 1st to 3, 2019 in Abuja, Nigeria;
- the meeting of the College of Supervisors of the FBNBNK Group subsidiaries, on July 4-5, 2019, in Abuja, Nigeria;
- the meeting of the College of Supervisors of Standard Bank Group subsidiaries, on October 7-10, 2019, in Pretoria, South Africa; and
- the meeting of the College of Supervisors of Attijariwafa Bank (AWB) Group subsidiaries, on November 27, 2019, in Casablanca, Morocco.

In addition, the Supervisory Authority participated in the work of regional and international supervisory groups, which are privileged frameworks for sharing experiences and best practices in the field of the supervision of credit institutions with cross-border activities. The Authority took part in the following meetings:

- the 32nd meeting of the College of Supervisors of the West African Monetary Zone (WAMZCS), from January 31 to February 8, 2019, in Accra, Ghana;
- the Community of African Banking Supervisors (CABS) meeting on banking supervision, February 18-22, 2019, in Cape Town, South Africa;
- the 33rd meeting of the College of Supervisors of the West African Monetary Zone (WAMZCS) from April 16-18, 2019, in Accra, Ghana;
- the Community of African Banking Supervisors (CABS) Annual Conference, June 10-11, 2019, in Cairo, Egypt;
- the 34th meeting of the College of Supervisors of the West African Monetary Zone (WAMZCS) from August 16-23, 2019, in Conakry, Guinea;
- the 35th meeting of the College of Supervisors of the West African Monetary Zone (WAMZCS) from October 21-25, 2019, in Aburi, Ghana;
- the plenary meeting of the Groupe des Superviseurs Bancaires Francophones (GSBF), October 23, 2019, in Paris, France; and
- the 4th meeting of the Community of African Banking Supervisors Working Group, on December 2-3, 2019, in Pretoria, South Africa.

6.1.3. Relations with other supervisory bodies and financial institutions

Apart from initiatives undertaken in the framework of the implementation of cooperation agreements and participation in the activities of supervisory groups, the General Secretariat of the WAMU Banking Commission attended the following meetings:

- a working session with an IMF delegation in the context of the regional consultations under Article IV of the IMF's Articles of Agreement, on Monday January 14, 2019, in Abidjan, Côte d'Ivoire;
- the 14th Africa Conference on "Strengthening Financial Sector Supervision and Current Regulatory Priorities", January 31 - 1 February 1, 2019, in Cape Town, South Africa;
- the 1st annual meeting of the Anti-Money Laundering Liaison Committee of the Franc Zone (CLAB) for the year 2019, on February 15, 2019, in Dakar, Senegal;
- meetings of the Ministers of Finance of the Franc Zone, on March 27 and 28, in Niamey, Niger;
- the spring meetings of the IMF and the World Bank, from April 8-14, 2019, in Washington DC, USA;
- Joint Public/Private Sector Regional Meeting on Emerging Money Laundering and Terrorist Financing (AML/CTF) Issues, June 10-12, 2019, in Dakar, Senegal;
- the Community of African Banking Supervisors (CABS) meeting on banking supervision, May 25-26, 2019, in Cape Town, South Africa;
- the 15th Ordinary Session of the WAMU Financial Stability Committee (WAMU-FSC) on June 13, 2019, in Dakar, Senegal;
- a working session with the Banque de France, as part of the preparation of the 2017 annual report of the Franc Zone, on June 14, 2019, in Abidjan, Côte d'Ivoire;
- working sessions with a delegation from the International Monetary Fund, to take stock of developments and ongoing reforms in banking regulation and supervision in WAMU, on September 9, 2019;
- a CLAB experts' meeting, on October 9, 2019, in Paris, France;
- meetings of the Ministers of Finance of the Franc Zone, on October 10 and 11, 2019 in Paris, France;
- the IMF and World Bank Annual Meetings, October 15-20, 2019, in Washington DC, USA.

6.2 TRAINING ACTIVITIES

As in previous years, the General Secretariat of the Banking Commission focused on capacity building for its staff through the organization of and participation in training sessions.

6.2.1. In-house training and seminars

In-house training seminars related to banking supervision were organized in collaboration with partner institutions. They focused on the following themes:

- anti-money laundering and counter terrorism financing, January 7-11, 2019;
- the supervision, on a consolidated basis, of credit institutions in the context of the application of the new prudential mechanism, April 1-5, 2019;
- Financial Inclusion, May 12-14, 2019;
- the examination of applications for authorization to issue electronic money, from May 17-21, 2019;
- the New Supervisory Framework (Basel II and Basel III), July 8-12, 2019;
- the examination of applications for authorization to issue electronic money, from July 29-August 1, 2019;
- Islamic Finance, September 16-19, 2019;
- the new anti-money laundering and anti-terrorist financing provisions, October 21-22, 2019;
- Introduction to IFRS standards, November 4-8, 2019; and
- the implementation of the new anti-money laundering and anti-terrorist financing provisions, November 25-27, 2019.

6.2.2. External training and seminars

The General Secretariat of the Banking Commission participated in external training sessions and seminars organized by organizations and institutions, including:

- a Fintech roundtable on “Advancing the Fintech Agenda”, April 1-2, 2019, in Washington DC, USA;
- a Banking Supervision Training Seminar, May 6-9, 2019, in New York, USA;
- a seminar on the dissemination of the new regulatory framework for payment services in CEMAC, July 22, 2019, in N'Djamena, Chad;
- a training seminar on effective regulatory and supervisory approaches to cybersecurity in the banking sector, September 23-26, 2019, in Cotonou, Benin;
- a workshop to present the latest version of the banking supervision application, organized by the Bank of Mozambique in collaboration with the Central Bank of Kenya, on September 27, 2019, in Nairobi, Kenya;
- a regional training of trainers workshop on AML/CTF risk-based supervision, November 18-22, 2019, in Saly Portudal, Senegal;
- the Annual Cyber Risk Workshop entitled "Oversight Activities to Strengthen Cybersecurity", December 4-6, 2019, in Washington DC, USA; and
- a workshop to develop a regional strategy to combat the financing of terrorism, from December 19 to 20, 2019, in Dakar, Senegal.
