

BANKING ISSUES OF THE NON-URBAN STATE AGENTS OF ISEA MVUAZI AT KONGO CENTRAL PROVINCE IN DR CONGO

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Keywords:

*Banking system; Kongo
Central; ISEA Mvuazi;
Bank Agency; Salary;*

ABSTRACT

The particular context in which mass banking was decreed by the Congolese government did no more than to reach the developing countries threshold estimated roughly at 12%. This is corresponding to the Kongo central province coverage. The payment of state agents through bank accounts remains an issue, despite the efforts made by the government. Currently, the banking system as it is implemented; it is just a mean of payment in substitution to the public accountants. In urban centers, access to salary is more and less easy than in rural areas, where state agents struggle to get their remuneration. Bank coverage across the country and in the Mbanza ngungu area, in particular, is still disparate. This is justified following both coefficients of the demographic density of the banking network and the rate of banking.

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INTRODUCTION

The ministerial decree bearing on the creation of the follow-up committee on the payment of DRC state agents dated on 12th November 2011. Since its application, only 244 members of the institutions were recorded to be paid in banking system at the launching period (Rolland, 2014). The aim of banking the payment of agents consisted in controlling the number of state personnel. This was based on the respect of the economic program of the government relating to avoid accumulation of salary arrears (Mvuemba, 2014).

It is important to note that the initial objective pursued by the DRC government through the banking system was to master the effective of state agents' personnel in the governmental system. Therefore, the payment of the state agents using banking system is being considered by the authorities as a mean to achieve its above-mentioned goal. We have to keep in mind that those different choices made by the legislator to improve payment conditions, in the first instance, aim to contribute on satisfying the need of the entire community. It is meant that the action engaged publically has to be based on the social reality perception (Cheffert et al., 1999).

The challenge of this policy should not only consist in casing the wages of the agents but rather to reconcile the legal prescribed of wages payment of the agents in regards to the new professional socio realities.

Indeed in Kinshasa, the payment of the state agents has always constituted an exceptional and insoluble case over years in Democratic Republic of Congo (DRC), thereafter banking payment of agents has been implemented in provinces by MOZITO government and continued by the following MATATA government. The policy instructed by the government seems to meet its affectivity on the extent of the country even if the issue of banking infrastructures insufficiency remains real. Banking payment of state agents is an operation in which payment of agents is conducted through an account number instead of public accountants.

ISEA-Mvuazi (Institut Supérieur d'Etudes Agronomiques de Mvuazi in French) is affiliated to a bank located at Mbanzangungu. The City is situated nearly at 50 kilometers away from the Institution creating complex situations beyond those which were posed formerly. The former periods were characterized by a monthly deployment of the bank agents for a traditional pay. However, for the banking system, a reflection on difficulties encounters by state agents in rural areas is essential to be analyzed and how much it could be prejudicial. Location of the payment was not prescribed by the law (worker rules); this is giving state agents some freedom to go to perceive their salary from the bank or to wait getting it from their service location as it was done previously. However, the civilian code considers the salary as a debt contracted by the government and opts for the first option (Gerard, 1981).

To check the issue related to the banking payment in rural areas, series of following questions have to be answered:

- Has the Banking payment of state agents as it is applied and smeared with several issues contributed to reinforce the proximity of the banking network to the employees despite it is completely under the monopoly of the State?
- Has the request of the mobile banking to supplement the financial intermediation of the banks can respond to the financial increased needs?

OBJECT AND CONTEXT

A. Object

This topic aims to highlight banking issue realities to the Congolese community and to the researchers. Few authors dwelt to explore the thematic despite that banking the payment of the agents is a topic dated since decades in the scientific research (Gansinhoundé, 2008, Abubakar, 2014).

B. Context

Payment of state agents through the banking system is a project aligns in the institutional reform proposed by the DRC government in order to strengthen the monitoring of agents working on public sector. It aims to respect the economic program of the government avoiding accumulating arrears in salary payment. This implies a preliminary harmonization of state agents' payment circuit. On the practical level, this project refers to wage payment through bank account. This meant that the intervening banks, partners of the government, will have to open individual bank accounts for all its recipients to facilitate their financial transaction (Mvuemba, 2014).

The Congolese government concerned to the issue was determined to succeed on implementing the banking system and master the state agents' personnel countrywide. Difficulties related to lack of banks in certain regions make Non Governmental Organizations (NGOs) such as Caritas ASBL to substitute on bank agencies and proceed on salary payment. It usually occurs in certain circumstances a reducing of 5% of the total amount of salary to be paid to the recipients. It is in that particular context that ISEA-Mvuazi and other governmental institution such as INERA-Mvuazi was affiliated to the International Bank of Credit (BIC in French) based at Mbanzangungu agency. Currently, BIC has been sold to the First Bank of Nigeria (FBN Bank).

The implementation of the banking payment of ISEA-Mvuazi agents was established in particular manner different from the one planned by the government. It was just an agreement between the two institutions, i.e

ISEA-Mvuazi and FBN bank. This is due to the fact that institutional prime of the agents was perceived manually by the ISEA accounting service. The latter service proceeds then after on it deposit to the FBN bank from which agents will pass to perceive their salary. This is meant that the banking system of ISEA-Mvuazi agents is atypical and partial.

METHODOLOGY

The methodology followed in this study is simultaneously quantitative, qualitative and hypotheco-deductive. Data used were compiled on a data base collected from the literature review and the World Bank report as well as related work conducted in Western Africa and elsewhere.

LEVEL OF BANKING SYSTEM

First point of obstacle: density of the banking network

The banking system has been viewed in relation with the population density in one hand while it was considered in relation to the number of people holding a bank account on the total population in the other hand.

Banking network can be considered as offices or agencies and other related services where banking services are dealt (Gansinhoundé, 2008,), it works practically by using electronic card working in several banks (Poulet et al., 1995; Nigudge&Pathan,2014). However, the banking system is defined as the proportion of population holding a bank account and can be estimated by the rate of the penetration of banking services.

Penetration level of the banking services through the populations can be estimated on the basis of the banking network density (Bouzar&Ammour, 2011).

$Dd = Na/ Tp$: Demographic density of the banking network;

Na: Number of banking agencies;

Tp: Total population

It has been found that the banking services remains inaccessible for most of the population in south western part of D.R. Congo. Peachey & Roe (2004) emphasize the difference between the North and the South indicating that 10% of the populations of the developing countries have an access to the banking services against 90% in the industrialized countries. This gap makes the comparison rather difficult between these two categories of country (Peachey and Roe, 2004).

The density of the banking services in Kongo Central province is equivalent to the one characterizing developing countries ie low density of banking networks (Table1) (Gansinhoundé, 2008). The issue is illustrated

when examining that the province possesses only 26 banking agencies for a population of 2.866.047 people (Table 2).

The rate of banking services

The rate of the banking services (Rb), in the same logic, is calculated according to the relationship observed between the number of people holding a bank account and the total number of population (see Table 1). This can be expressed as:

$$Rb1 = Pb/Tp: \quad \text{Portion of population having a bank account}$$

Pb: number of people having a bank account;
 Tp: total population.

The public sector accounts nearly 12% (that is to say 343.925,64 agents) of employment in the Kongo central province. The rate of banking services in the province is also equal to 12% if we consider that each agent has a bank account (Moreira, 2016).

Table 1: Number and location of banking agencies approved by the commercial bank of Congo in 2012

Provinces	Social Siege	Banking agencies	Tellers	Total	In % of the total
Kinshasa	18	106	35	159	52,5
Katanga	1	37	5	43	14,2
Kongo Central Province	0	26	1	27	8,9
Eastern North-Kivu	0	21	3	24	7,9
Others	1	22	0	23	7,6
provinces(6)	0	26	1	27	8,9
Total	20	238	45	303	100

Source: Report of the recent economic situation in Kongo Central province, Central Bank of Congo. Moreira, 2016

The low concentration of the banking institutions in Kongo central province especially in Mbanzangungu, leads the state agents to pay a tribute due to the fact that their professional site is located in a region

where banking structures do not exist yet despite the government issued over the country the banking system operation (Table 1 and 2). Considering the demographic density of the banking network of 0,0000907(Bank agencies/Total population) combined with its rate of penetration of 12 %, this is allowing us to affirm that in developing countries, banking services remain inaccessible for the majority of the population.

Table 2: Demographic data of the Kongo Central province

Territory or city	Population (hab.)	Surface (km ²)	Density (hab./km ²)
Kasangulu	43.091	4.680	9
Kimvula	125.605	3.371	37
Lukula	420.313	3.270	129
Luozi	322.197	6.784	47
Madimba	560.226	7.968	70
Mbanza-Ngungu	518.914	8.507	61
Seke-Banza	280.916	3.620	78
Songololo	265.659	8.190	32
Tshela	329.125	3.090	107
Total	2.866.047	49.480	58

Source: Report of the recent economic situation in Kongo Central province, Moreira 2016

For illustration, Germany holds the higher density of banking agencies estimated at 570 for a population of a million of people in 2006. It is followed by Switzerland and Australia (Gansinhoundé, 2008). In addition, Matthews & Ding (2006) confirmed the first place of Germany for accounting huge number of banking agencies for a million of people in 2002.

In contrast, the banking network in developing counties is generally less dense expressing a geographic exclusion from which an important portion of people are victimized. This is meant that the poverty has a pecuniary origin (Bumacov, 2012).

The density of banking agencies for West African for Economic and Monetary Union (UEMOA) countries is estimated at 1 agency for 116.000 habitants (peoples) while in Morocco, it is at ratio of 1 agency per 10.000

habitants. The density of the Algerian banking network is at 1 agency per 7.250 habitants (Gansinhoundé, 2008). Densities of banking networks of different countries are not comparables. Difference in implementation fixed in each country drives the banking system.

The rate of the banking system is generally low as well as the economy of a country is not prospered and the banking sector is less developed (European Union report, 2011). It depends to the banking systems of different countries. In addition, disproportion of population density and acquisition of new technologies are major issues.

Second point of obstacle: Population density in relationship with access in payment system

Access to the bank account for getting payment remains an issue for the majority of agents holding account the FBN Bank. The agency of FBN Bank/MbanzaNgungu disposes only of one teller (Table 3). This is obviously, a social issue that call the legitimating intervention of the state (Gerard, 1981). Therefore, it is usually observed a huge number of people when approaching the 20th and 25th of the month. According the International Office of Work (2003), the salary of the state agents should be regularly paid in an interval which can permit workers to avoid to contract debt. It is evidence among exceptions. However, it is important to note that currently Mbanza ngungu town counts also Procredit bank among commercial bank serving state agents. The latter bank has installed automatic teller and other electronic payment points reducing the influx of the agents in bank during payment period. Mobile banking can avoid state agents to move and favor them to do their business independency (Amory, 1989).

Table3: Number of commercial bank exploited by BCC in 2012

Provinces	Teller
Kinshasa	35
Katanga	5
Kongo Central	1
Western Province	3
Nord-Kivu	0
Other provinces(6)	1
Total	45

Source: Report of the recent economic situation in Kongo Central province, Central Bank of Congo (Moreira, 2016).

Delays in payment system: New technology acquisition in rescue of the payment

The process of mastering state agents personnel has accidentally created the banking payment of agents. Some issues have been solved in one hand but in the other hand, all other problem and related situation depend to the government politics. After Kinshasa, implementation of banks throughout the provinces should follow up the banking payment in other towns where their agencies exist before finally reaching the rural areas. Electronic transfer of fund can have an extend advantages if the service providers pay attention to the need of people categories. These categories concern people living in rural areas and weakly connected to the world (Thunis & Schauss, 1988). Therefore, banks should work in partnership with the mobile operators to implement the mobile banking for the payment of agents in rural areas where the mobile network is covered but bank agencies are not established. This has been confirmed by the president of the Congolese bank association. The installation of automatic distributor such as ATM has avoided people or agents to move and to deal with their business independently (Thunis&Schauss, 1988; Amory, 1989).

Mobile banking

The banker has to look for the client. It is a dynamic approach which is more flexible as argued Bank of Africa president. Nowadays, we are assisting on a race of purchasing clients through opening of bank agencies and introducing new technologies such as the mobile banking. The magic formula used in the phone has permitted to transfer the money and pay invoices (Bastien, 2010). Auto regulator practices emergence illustrates by the soft law express the flexibility of adaptation (Thunis & Schauss, 1988).

According to Nigudge&Pathan(2014), electronic banking is a set of electronic and computer techniques and devices that enable the automation of banking transactions. Mobile banking is proving to be one of the components of e-banking and is defined as a service that allows money transactions to be carried out using a mobile phone. In that way, it is unquestionably available to all ISEA- Mvuazi agents.

Some benefits

Security: money will no longer be managed physically but rather virtual, this will avoid theft, mistakes, vandalism and financial malpractice.

Speed of payment: some customers wanting to pay their bills do not do it promptly due to lack of time or someone to trust and to send.

The weakness of the banking culture and the mistrust of the banking system by the beneficiaries are other factors which do not facilitate the infatuation with the modernization of the payroll of agents both locally and nationally. The mobile banking has allowed customer to make the payment of the employees with ease and comfort thanks to this service. The cost of transport amounts to more than 1/8 of what is perceived by an official attached to the ISEA-Mvuazi. It is avoiding travel and queuing,

both at the bank and in other providing services (supermarket, petrol station, etc.), despite the branch that is supposed to serve agents is located in further kilometers from agents' institution. The banking system as lived by ISEA-Mvuazi agents seems to be considered as a sort of way of the cross but not as anything else. In that regards, it has been demonstrated in the current investigation that little advancement has been conducted. To conclude our investigation, we can explore Gansinhoude (2008) statement that said that developing countries which suffer from bank network insufficiency need new technologies to accelerate the banking system process which can solve banking issues countrywide.

CONCLUSION

To the questions raised above, we found that from its inception, banking the salary of DRC worker was not in any way a form of payment. The Congolese government wanted to achieve its goal of controlling its employee personnel. As a result, the government was no longer concerned about the damages generated during the implementation of the process. From our investigation, we find that the banking system remains embryonic and cyclical in spite of the various political declarations. We believe that the banking system should encompass the entire Congolese financial system, which will allow better management of the money flow transiting this day outside the banking circuit. It can also participate in financing effectively new bank account holders. Hence, we advocate, therefore, mobile banking to reach individually each agent within different layers of the population. In addition, we are encouraging the modernization of the interbank payment system and the electronic banking system, which must also be started. This network will supervise all the electronic processing operations carried out via the vending machines of the banknotes and the electronic payment terminals, to be made available to agents at bank branches.

Acknowledgement

Authors are grateful to the Institut Supérieur d'Études Agronomiques de Mvuazi (ISEA-Mvuazi) for allowing this research article to be conducted. We are also grateful to the library of Law faculty of university of Kinshasa for providing us documentation to improve our literature review.

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