A study and assessment on the effects of foreign direct investment flows and external debt on economic growth, institutional performance and economic development of local banks in Cameroon.

1. INTRODUCTION

In emerging countries such as Cameroon, leverage flows such as foreign direct investment and external debt are two key elements that have an impact and greatly influence economic policies and development trajectories. These growth and development levers, which are sources of external financing, are key factors contributing to any savings and investment gap or deficit, as a result expanding and stimulating the financial sector while ensuring that infrastructure development is supported in its implementation. Cameroon is an interesting country as a country considered the lung of the Central African Economic and Monetary Community (CEMAC), having the largest number of banks today (17 banks) and microfinances (more than 350) as well as a population of around 30 million. According to the Population Today website (2025), Cameroon's growth rate is 2.54%. According to World Bank (2024), Cameroon's GDP per capital is around USD 1481 in 2024, which is a data that keeps the country in the category of lower-income countries in the lower bracket. Trading Economics (2025) indicates that in purchasing power parity (PPP), per capital income in Cameroon is estimated at USD 4919. To be able to support its economy, Cameroon, historically or for a long time, has been able to rely on foreign direct investment (FDI) and external debt to support and finance economic growth, support and strengthen the economic development of the banking sector, and finance the development of infrastructure and the public sector.

Although small in size compared to other markets in the African sector, the banking sector in Cameroon is a player in global financial exchanges, is continuously integrating and strengthening its integration into global financial circuits in a global way. The entry or arrival on the Cameroonian market of multinational or international banks such as Société Générale, United Bank for Africa (UBA), and Ecobank, as well as the large investments made by players such as MTN, ORANGE and Dangote, have greatly contributed to a profound redefinition of the mechanisms of financial intermediation while boosting banking results and strengthening the performance of the banking sector as a whole. At the same time, over the last decade, Cameroon's external debt stock has increased. The debt increase has occurred with the debt/GDP ratio exceeding 45% in 2023 with debt service representing nearly 30% of tax revenues (Ministry of Finance, 2023; IMF, 2023). These trends, developments, as well as the current financial realities and dynamics in the market, challenge and raise major questions about the concepts of economic and monetary sovereignty, financial stability, short and long-term financial autonomy and sustainable macroeconomic sustainability.

In this portfolio, in a critical way, an analysis is provided on the impact that FDI and external debt have jointly on the banking system in Cameroon, on the country's

economic growth strategy or trajectory. The study is based on two theories or two historical frameworks, namely the theory of financial liberalization defended by McKinnon (1973) and Shaw (1973), which sheds light on and explains the role and influence of FDI on financial intermediation and the process of financial deepening, as well as the theory of country risk or sovereign risk or country risk of sovereign debt by Eaton and Gersovitz (1981), which highlights which analyses and highlights the vulnerabilities, inherent risks and potential dangers associated with external debt and their macro-financial implications or spillovers on domestic economic stability.

The discussion is structured as follows. Section 2 describes and assesses the two theoretical frameworks. Section 3 applies the financial liberalization perspective to analyze how FDI has influenced the Cameroonian banking system and indirectly affected growth across the non-bank sectors. Section 4 applies country risk theory to external debt and its impact on domestic banking and economic stability. Section 5 provides a window for reflection, examining the usefulness and limitations of theories and addressing ethical dimensions. Section 6 concludes with the key findings and policy implications.

2. THEORETICAL FRAMEWORKS

2.1. Theory of financial liberalization – (Mckinnon & Shaw, 1973)

McKinnon (1973) and Shaw (1973) were the ones who articulated the theory of financial liberalization. This theory explains that the liberalization of financial markets presupposes the deregulation of financial markets and stimulates economic development. Deregulation is often achieved by removing all capital controls, as well as by opening up banking systems to foreign inflows. As well as by the deregulation of interest rates. This disruption of financial markets is a key element in increasing economic development and stimulating growth. It's a theory that can be seen as a response to an earlier emerging criticism of financial repression, which was a field that was increasingly used to describe government-imposed restrictions often. On the level of ceilings, on interest rates. This whole thing about financial liberalization was also seen as A follow-up answers to Credit rationalization policies as well as capital flows also imposed by the government. Therefore, according to the theory on financial liberalization, which must be a response to economic liberalization, there must be the removal of ceilings on interest rates, the elimination of controls on capital flows as well as the opening of the banking system to competition, including to foreign banks, are fundamental pillars of this theory.

According to Mckinnon and Shaw, the theory of financial repression is a blockage, because it slows down savings and plays a role in diverting the allocation of credit, which means that the investment and its objectives are not achieved. Unlike the theory of financial repression, the theory of financial liberalization ensures that there is greater efficiency, as well as a great mobilization of savings, which allows for a better allocation of resources and as a result allows banks to fully play their greatest role in all financial intermediation. Therefore, with the theory of financial liberalization, there is a strong continuous mobilization of savings and a better allocation of resources, as well as an increase in banking intermediation and economic growth that is increasingly sustained over time.

If this theory is to be applied to foreign direct investment, it suggests the opening of a country's financial system to foreign investment and multinational banks, increases or strengthens competitiveness, ensures that there is an improvement in capital

accumulation and the transfer of skills, technology and know-how from which the country could benefit. This theory also states that this entry of new players into the market allows for the adoption of superior management practices, which come with risk assessment tools as well as a global network, which allows standards in the banking sector to be raised and this theory also states that this entry of new players into the market allows for the adoption of superior management practices, that come with risk assessment tools as well as a global network, which allows standards in the banking sector to be raised and certain and highly secure and professional habits to be adopted in the market, as new entrants adopt world-renowned practices and standards.

2.1.1. Strengths of the theory

To ensure that there is an ideal environment to understand why foreign direct investment can improve the efficiency of banks as well as their stimulation and effectiveness at the local level, the theory is a strong element in establishing the link or explaining the context between financial openness and banking or financial deepening and investments. This theory has been an important element in understanding that the policies that are put in place at the government level to control everything from interest rates and credit rationing are factors blocking savings as well as investment.

The theory has thus made it possible to understand how financial repression can have negative effects on economic growth. The theory has also made it possible to understand how growth and the mobilization of savings can be stimulated at the domestic level when it comes to advocating positive interest rates that are real and that are higher than the level of inflation. It is therefore a theory that makes it possible to highlight the promotion of national savings, because when there is more savings, it allows more funds to be available to finance everything that is investment. In the 1980s to 1990s, this theory was the pillar and intellectual basis for the implementation of the World Bank and IMF structural adjustment programs.

2.1.2. The weak points of the theory

This theory often leads to too much optimism because many assume that financial liberalization is a factor that always leads to efficiency in the long term. This way of visualizing financial freedom is often very dangerous in weak institutional contexts, as banks can be exposed to risks that lead to instability.

A. This theory often does not take into account a very important notion, which is that of the risks that foreign companies dominate over domestic banks and that equity capital tends to be repatriated, causing capital flight. There is also the fact that this theory does not take into account distributional effects. Foreign banks can benefit well from financial liberalization at a time when local banks and households remain vulnerable.
B. This theory can also be a factor that automatically creates a financial market leading to an assumption of a perfect and competitive market that is often misleading.
C. This theory also leads to a risk of instability because it is important to note that deregulation that takes place quickly can lead to risk-taking that can often be excessive by banks. This was the case in the 1980s to 1990s in Latin America and Asia; Several banking crises have also shown that it is financial liberation.

When it is not done in a very strong prudential framework, it can be a factor that makes the system weak instead of strong.

D. The theory also ignores the role of institutions, the distributional effects as well as their inequalities, and also the temporality and transition that can be difficult. The theory under financial liberalization is an effective tool that provides a relevant analytical lens to properly analyze the dynamics of the banking sector at the level of Cameroon.

The theory of Mckinnon and Shaw allows us to better understand how the policy of financial liberalization has energized the Cameroonian banking sector through competition with more banking competitiveness, the mobilization of deposits, credit creation and financial inclusion. The opening up of the financial market thus makes it possible to increase the supply of credit, especially for large companies and in strategic sectors.

This financial openness also comes with limitations that can be seen at the level of small and medium-sized enterprises as well as households that remain vulnerable and continue to have restricted access, as banks often tend to favor customers who are more creditworthy and in sectors that have less risk. It should also be noted that financial liberalization involves the massive entry of foreign capital into the sector, thus strengthening the overall solidity of the country's financial sector, but at the same time also raises questions and concerns about all that concerns national control of the banking system. Because often in this case the country becomes too dependent on the multinational banking group and this can weaken the financial sovereignty of a country, especially in the event that these foreign banks decide to withdraw capital or make strategic decisions at the level of their group.

2.2. Country Risk and Sovereign Debt Theory – (Eaton & Gersovitz, 1981)

Developed by Eaton and Gersovitz (1981), the theory of country risk and sovereign debt is an effective tool that allows us to have a better view and to deal with the trends, particularities and dynamics of external borrowing as well as the sovereign risk associated with it. Governments, unlike private borrowers, are not legally obliged to repay their sovereign debts because there is no international mechanism that allows for direct enforcement by forcing governments to pay what they owe, as is often the case with private borrowers. The reimbursement in this case is based solely on indirect incentives. In order for there to be a refund by the government, it is important to understand the following three elements that condition it. According to this theory, the first element that conditions reimbursement is reputation costs. The attractiveness and credibility of a country are very important because it makes it possible to attract investors as well as to take out loans. And often this credibility or attractiveness has a cost. It is therefore important to avoid defaulting on your payments so as not to jeopardize future chances of borrowing or investing.

Access to international financial markets is another element that conditions repayments for governments. According to this theory, a country must avoid default so as not to be temporarily or permanently excluded from having access to the international capital market, as this has an impact on its ability to receive external financing. The final element of Troy that conditions the refund is the potential sanctions. This theory makes it possible to understand that sanctions that can be financial, diplomatic or even commercial can be imposed on countries and this can increase the risk or cost of default. This theory also helps to understand that when a country's debt levels continue to grow over time, it affects the costs of its future borrowing because more risk means more

borrowing costs because risk premiums become higher and higher. This also has negative effects on local banks that have government bonds within them. In the event of a default, it is obvious that these banks will face problems of solvency and financial stability.

Eaton and Gersovitz's theory also make a big point about the fact that countries can end up with excessive external borrowing and this is a factor that increases a country's risk of vulnerability. According to this theory, the more a country's debt increases, the higher the risk of default. A government that finds itself in this type of situation is often denied new loans and this can threaten a country's macroeconomic and financial stability.

This theory is particularly relevant for developing economies where domestic banks often hold a significant share of public debt, directly linking sovereign risk to financial stability.

2.2.1. Strengths of the theory

The theory highlights the different treatment of a country's debt and that of an individual in a bank. The concept of public debt and private debt is well explained and the fact that there is a lack of legal mechanisms that can force States to repay their debt. This theory also underlines the importance for a country to have a good international reputation.
Reputation then becomes a key asset to maintain credibility and attractiveness with investors and financial markets and thus have access to future loans.

The theory Provides a framework for understanding debt sustainability assessments. It also helps to understand the close link between financial discipline and access to credit, between the borrower's reputation and the borrower's borrowing history. The theory makes it possible to better understand why certain countries, such as those in the Central African region, often find themselves under constant surveillance by international creditors and why these countries often have very restrictive borrowing conditions.

2.2.2. Weaknesses of the theory

The theory has an oversimplified vision of sanctions that does not always fit with the reality on the ground, because there are payments that have continued to receive loans despite their default. The reason is that political, strategic, geopolitical or diplomatic aspects can influence some decisions to continue lending to a country that already has a default. It assumes rational decision-making on the part of governments, while political economy factors often determine borrowing decisions, underestimates the role of multilateral creditors such as the Paris Club, the IMF, the World Bank or initiatives such as the Heavily Indebted Poor Countries (HIPC) Initiative in debt restructuring, focuses narrowly on repayment incentives, neglecting the benefits for the development of debt financial projects.

The theory also does not give much consideration to internal political factors such as political alternations, elections, and new political orientations, which can strongly affect repayment decisions. In Cameroon, the theory helps explain how rising debt burdens increase systemic risks for banks and reduce the fiscal space available for growth-enhancing investments, often intergenerational and ethical concerns.

Eaton and Gersovitz, in their theory, provide a clearer view of sovereign risk and its link to repayment discipline and a country's reputation for access to future loans. The

theory states that legal constraint cannot push a state to repay its debt because it is more based on its reputation. Although reputation is a key element in being solvent and becoming credible in the financial markets, this theory does not take into account environmental aspects that can greatly affect the sustainability of a debt. Reputation therefore remains an incomplete element if it does not take into account the complexities that are present in international relations, economic and political factors as well as modern institutional debt management mechanisms that are constantly evolving.

3. FDI AND THE BANKING SECTOR IN CAMEROON – A PERSPECTIVE FOR FINANCIAL LIBERALIZATION

3.1 FDI in the banking sector in Cameroon

In the 1990s, the Cameroonian banking sector underwent a major transformation following the so-called financial liberalization reforms undertaken by the IMF and the World Bank as part of the structural adjustment programs. These adjustment reforms have enabled the Cameroonian market to be opened up to foreign investors, which has led to the gradual and massive entry of multinational banks into the Cameroonian market. This opening of the market has allowed players such as Société Générale Cameroun, BICEC Cameroon, Ecobank Cameroon, BGFI Cameroon and UBA Cameroon to take advantage of these structuring to penetrate the Cameroonian market. Today, foreign banks control 50% of banking assets in Cameroon, which reflects a broad internationalization of the sector (African Development Bank, 2022) in the country.

The increased presence of multinational banks in Cameroon has had several effects, such as a marked improvement in competitiveness and the supply of financial services. Thanks to the introduction of new technologies and management practices that are coming with these institutions. This has also made it possible to observe a great mobilization of deposits, which has allowed for better financial intermediation in terms of loans granted to natural and legal persons. Another important element is that this presence of international banks has also allowed for an increasing dependence on strategic decisions that are taken outside the national territory, which raises concerns about the sovereignty and foreign control of the banking system, as the country often has to undergo these strategic orientations or face international pressures.

As Gaies & Nabi (2021) points out, foreign direct investment tends to strengthen banks' capital and also to improve financial stability, which is an effect that is widely observed in the Cameroonian financial and banking sector, which is largely dominated by multinational banks. This shows that in countries like Cameroon that are fighting for its development, FDI is an asset that strengthens stability and banking solidity while stimulating economic growth. This approach favors FDI to the detriment of external debt and sees the arrival of banks such as UBA, Ecobank and Société Générale as key factors in improving competitiveness and the basis that has enabled an increase in the capital of Cameroonian banks.

According to Bruno & Hauswald (2013), when new foreign banks enter the market, it also accelerates technological innovation and also increases efficiency at the level of banks that improve their policies and procedures and have a better customer approach. This is what happened when the Bank like Société Générale had to penetrate the Cameroonian market.

3.1.1 Impacts on equity and competitiveness

Following the consolidation and market entry of multinational banks in Cameroon, this has had a great effect on these banks, which has allowed the sector to experience real financial strength as well as increased competitiveness. The impact of these institutions is also felt because these institutions bring to market a more robust capitalization that is reinforced by the support of their parent companies, which means that these institutions also come with modern tools on the management of all risks and compliance. The entry of the new banks into the market has led local banks to improve their operational efficiency, have also had to diversify their products and services and also to modernize their payment ecosystem, customer management and managerial practices. Customers have thus benefited from an expansion of the service offering from corporate financing to digital banking solutions such as mobile apps and online services as well as innovative bank cards. Among the most concrete practical cases is that of the UBA Cameroon bank.

Regarding to the solid experience of its Headquarters as well as its financial strength, UBA Cameroon was able to ensure that its network of agencies was quickly extended to the Cameroonian territory and thus was able to increase its market share in a short time. On the other hand, Société Générale Bank has been working on new infrastructure by introducing digital banking platforms that were very advanced and this has ensured that national competitors have been able to accelerate their digital transition in order to remain competitive by also acquiring new digital platform technologies.

Therefore, it is evident to note that foreign direct investment in the banking sector in Cameroon has had a strong impact and has contributed to strengthening equity and boosting competition while accelerating the modernization of the Cameroonian banking system. The only downside to this is that this transformation is accompanied by challenges such as strategic dependence on the decisions that are taken at the level of the parent companies of these institutions, which are mostly abroad.

3.1.2 Impacts and difficulties

Local banks encounter difficulties in matching and maintaining strength and competitiveness against international and global financial institution that benefits from significantly and stronger capitalization. Foreign banks may favor international companies over local SMEs, which limits inclusive development. The dominance of foreign banks also raises questions about financial sovereignty.

3.1.3 Indirect impacts of FDI through non-bank sectors

Foreign direct investment in the non-financial sectors in Cameroon has indirectly improved banking performance.

In the field of telecommunications, there has been the entry of MTN and Orange, which has made it easier for mobile money to evolve, expanding financial inclusion and the mobilization of deposits. Mobile money services now account for a significant share of financial transactions in Cameroon (BEAC, 2023). In the manufacturing sector, Dangote Cement's investment has increased corporate deposits and created credit opportunities for banks financing related supply chains.

These cases illustrate how FDI boosts banking activity by developing the formal economy and creating demand for financial services.

3.1.4 Risks of liberalization and foreign domination

Despite its advantages, it is interesting to see that the financial liberalization theory also entails significant risks such as:

- The risk to be exposed to external shocks: Greater integration with international markets exposes banks to external shocks.
- The competition that become very intensive: domestic banks that are very small most of time will face the threat of being crowed out by banks that are larger, better-equipped, better-capitalized and are international.
- Ethical concerns: Foreign domination can undermine local ownership and decision-making.

UBA Cameroon's entry illustrates how foreign banks can quickly erode the market position of weaker local banks, raising concerns about long-term sustainability.

4. EXTERNAL DEBT AND BANKING STABILITY IN CAMEROON - A COUNTRY RISK PERSPECTIVE

4.1 Evolution of the debt in Cameroon

It is often very important to note that despite the reforms that countries like Cameroon have benefited from in the 2000s, reforms such as that of the heavily indebted poor countries (HIPC) and that of the Multilateral Debt Relief Initiative (MDRI), Cameroon's debt has not stopped growing rapidly.

This observation simply shows that there is a real dependence for the country that is increasingly evolving on external financing to enable the country to sustain economic growth and thus be able to finance infrastructure projects. According to reports from the IMF and the Ministry of Finance of Cameroon in 2023, there was a situation where the country's servicing debt consumed nearly 30% of public revenues and the public debt ratio exceeded more than 45%, which made this situation bring more pressure on the State's fiscal capacity. This pressure was a very crucial factor that limited its tax base to have enough revenue to finance social and productivity spending.

The structure of the debt in Cameroon gives data that highlights the country's strong dependence on three categories of creditors:

A. Commercial lenders, including Eurobonds and bank loans, which are generally more expensive and riskier due to high interest rates and vulnerability to fluctuations in global financial markets;
B. China, which today plays a key role in the country and has become a major financial partner by granting the country bilateral loans to finance strategic infrastructure such as roads, dams and ports.
C. Multilateral institutions such as the IMF, the World Bank, the African Development Bank (AfDB) are the main providers of concessional loans while demanding structural reforms from the country.

Thus, external debt, with its current trajectory, raises growing concerns about the sustainability of the debt and the sovereign risk to which Cameroon is exposed even though the external debt has made it possible to finance essential investments of the country.

As Boukef Jlassi et al. (2018) so aptly put it, debt when it is very high in a fragile institutional context can be a factor that aggravates banking risks and thus highlights all the vulnerabilities of a banking system such as Cameroon's. External debt, when not combined with a global view, taking into account domestic aspects that can be fragile, can often lead to risky situations, as this can generate banking crises with liquidity crises and credit risks.

4.2 Impacts on Cameroon's banking sector

Cameroon's increasing bank debt has significant effects on the Cameroonian banking sector:

A. Crowding-out effect and liquidity pressures: it is important to note that when the need for state financing increases, the local demand for funds also increases and this means that the interest rates on which it is necessary to borrow also increase. This makes borrowing more expensive for businesses and households. It is also important to note that a large part of the state's revenues is used to repay debts and this is the main cause that the state finds itself in a situation where its revenues are not sufficient to stimulate economic growth by injecting a good part into the economy. This situation is often at the root of the cause that affects deposits in banks because banks are also largely dependent on public financial flows and household consumption.
B. Sovereign credit risk: Banks in Cameroon are the main full-scale holders of government securities that are considered safe assets. Often, when there is a crisis of over-indebtedness in the country, banks become vulnerable when the State is late or defaults on its payments. And this is relatively more pronounced when it comes to a market as narrow as Cameroon's.

The World Bank (2023) warns that the Cameroonian banking system is highly exposed to sovereign risk because national banks tend to make investments a significant part of their portfolios in public bonds. This creates a dependency that in turn creates a direct line of vulnerability between the sustainability of public debt and the stability of the banking sector.

4.3 Ethical and governance considerations

Ethical and governance issues are at the heart of the debt issue in Cameroon on several essential points:

A. Transparency and accountability: Criticism is pouring in on debt management for the fact that it often lacks transparency and accountability, thus providing the ideal framework that limits citizen control and also the ability of institutions to give guarantees for the more prudent management of resources (World Bank, 2023).
B. Intergenerational equity: Future generations are often the ones who will bear the burden of debt when the country resorts to excessive debt policies. The generations that are coming will see themselves subject to this growing burden,

especially when the debts contracted finance projects that are not very productive, unsustainable or are embezzled. This poses a real moral problem between immediate needs and also intergenerational justice.

C. Investor confidence: opaque management practices and the risk of over-indebtedness often undermine the confidence of financial partners and private investors. This often has consequences that can increase borrowing costs and also make the country less attractive in the long term.

In still fragile financial systems such as Cameroon's, these governance and ethical challenges are reflected in the accumulation of external debt. There are ethical dilemmas that are highlighted and this is a reminder that it is important for the country to strengthen institutional frameworks, to promote transparency and to ensure that responsible debt management is favored so that it can reconcile development financing and economic sustainability.

5. REFLECTIVE COMPONENT

This analysis highlights the value and limitations of financial theories when applied to real-world contexts such as the Cameroonian market.

5.1 Usefulness of theories

The theory of financial liberalization is the one that sheds light on how foreign direct investment (FDI) funds the consolidation of banks' capital base, stimulates competition, and expands access to financial services that promote financial inclusion. As for the country risk theory, it is the one that offers a relevant and analytical framework to better understand how external debt can generate systemic vulnerabilities, increase banks' exposure to sovereign risk and also threaten a country's macro-financial stability.

5.2 Limitations in practice

The theories mentioned ignore certain data from the reality on the ground because they are based on assumptions where markets are efficient and where actors are rational, which is not always the case in the reality of countries such as Cameroon where there is institutional weakness, fragile governance and where political influences are increasingly visible.

The theory of financial liberalization has limitations in that it underestimates the perverse effects that growing foreign domination can have and also the risks that the country can suffer in terms of social exclusion, because inequalities in access to credit can be felt in a brutal way. Country risk theory, on the other hand, focuses on debt sustainability and the country's ability to repay. This approach does not take into account certain data such as potential benefits in terms of productive investment and infrastructure.

5.3 Ethical dilemmas

Foreign direct investment (FDI), which is an important factor in stimulating economic growth, also raises the problem of economic sovereignty, since when there are many foreign banks in a territory, this can reduce the power and capacity of local authorities with regard to their credit policy orientation. As for external debt, it is important in many cases to finance structuring projects. On the other side or at the bottom of the iceberg of this debt, there is the intergenerational burden that this debt leaves in terms of repayment. This leaves the burden to future generations to suffer the choices of past generations and can greatly compromise social justice and future fiscal sustainability.

5.4 Personal Learning and Critical Ideas

This study was important in that it helped me deepen my knowledge and understanding of the trade-offs that policymakers often face on a day-to-day basis on how to attract FDI in order to boost the banking sector and finance economic growth while ensuring that national financial sovereignty is preserved. This study also gave me a good understanding of how policies use external debt to accelerate infrastructure development while ensuring that debt sustainability and macroeconomic stability are maintained. This study also allowed me to understand that financial theories cannot be applied mechanically, although they offer relevant and structuring frameworks. Faced with the realities on the ground, these theories often require a critical adaptation to the institutional, economic and social specificities of Cameroon. The last thing I learned is that the ethical considerations that often refer to the debt being passed on to future generations as well as the dependence on financing from foreign investors are aspects that are often at the heart of the constant evaluation of the financial choices that developing countries like Cameroon make. I had to think a little more personally and deeply about the understanding that economic policies are linked to complex ethical and governance dilemmas that can threaten a country's sustainable development, and that a country's financial choices made today have consequences not only for its current stability but will also have an impact on the well-being of future generations.

In doing this study, the most difficult thing for me was to simplify the theories and apply them to local realities and also to address issues of ethical and governance challenges. Thanks to sources from the IMF, the World Bank, the AfDB and the Ministry of Finance, this has made it possible to have data to better analyze and nuance my analysis on the benefits and limitations of the theories. This process was very useful for me because I had to work "Outside the box" and not to apply the theories mechanically but to have height in each situation. The next time I tackle such a study assignment, I think I'm going to spend more time structuring my ideas as well as the structure of my portfolio.

To make the analysis more fluid as well, I would spend more time understanding the theoretical approaches in depth to ensure that the analysis is more fluid and coherent from one idea to another. I think that familiarizing myself with the theories for as long as possible will soon allow me to easily find the words as well as the approaches to apply them in a very specific context. Soon, when I would also like to tackle this exercise, I think I should study more sources and familiarize myself with them because it will allow me to have a broader knowledge on the subject.

I think that I was too satisfied with the minimum of sources on the subject, that I did not know how to look for other authors who spoke of the same theories and I was content to explore in depth the theory of Eaton & Gersovitz (1981) as well as that of Mckinnon & Shaw (1973). I also think that the best way to go out with a better-quality portfolio is to prepare that is done earlier and also that is done every day. I think I would have done

better if I hadn't waited until the last few weeks to work on my portfolio because it takes a lot of time. This is something that I think I should greatly improve on for future analyses in order to deliver a better job than what I have just achieved. I think I would have done even better in terms of structure and content.

6. CONCLUSION

This portfolio examined the impact of FDI and external debt on Cameroon's banking sector and economic growth through the prism of financial liberalization theory and country risk theory. The results suggest that FDI has enhanced bank capitalization, competitiveness, and financial inclusion, both directly and indirectly. The only problem with this theory is that it highlights certain challenges, such as the risk for countries to see FDI dominance and also to find themselves dependent on foreign funding. This cord often becomes difficult to break since controlled or uncontrolled environmental parameters can always occur in countries.

External debt, when it increases, also has effects at the domestic level of the country because it automatically impacts the increase in interest rates as well as liquidity shortages and credit risks making access to credit more expensive while also raising problems on everything related to transparency, ethics and equity for present and future generations. What this study allows us to learn is that balance and prudence are necessary for a country like Cameroon to ensure stability and economic growth because liberalization must always be accompanied.

This support is often the result of rigorous implementation of monitoring and evaluation, monitoring and transparency policies in the management of public debts in order to support long-term economic growth. By adopting this approach, Cameroon could be reassured that it is promoting long-term financial stability and economic growth for present and future generations.

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