Paper: **"Financial Innovation, Bank Liquidity and Entrepreneurship Support: An Analytical Evidence from Commercial Banks in Bamenda, Cameroon"**

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Peer review:

Reviewer 1: Blinded

Reviewer 2: Blinded

Reviewer 3: Blinded

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Date Manuscript Received: 13th July/2025	Date Review Report Submitted: 15th/07/2025
Manuscript Title: Financial Innovation, Bank Liquidity and Entrepreneurship Support: The Case of Commercial Banks in Bamenda, Cameroon	
ESJ Manuscript Number: 0742/25	
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Evaluation Criteria:
Please give each evaluation item a numeric rating on a 5-point scale, along with a thorough explanation for each point rating.

Questions	*Rating Result* [Poor] **1-5** [Excellent]
1. The title is clear and it is adequate to the content of the article.	**4**
(Please insert your comments) The topic could better be stated as; Financial Innovation, Entrepreneurship Support and Bank Liquidity; the case of Commercial Banks in Bamenda, Cameroon.	
2. The abstract presents objects, methods, and results.	**5**
(Please insert your comments)	
3. There are a few grammatical errors and spelling mistakes in this article.	**1**
(Please insert your comments)	
4. The study methods are explained clearly.	**4**
(Please insert your comments)	
5. The results are clear and do not contain errors.	**4**

(Please insert your comments)	
6. The conclusions or summary are accurate and supported by the content.	4
(Please insert your comments)	
7. The references are comprehensive and appropriate.	4
(Please insert your comments)	

Overall Recommendation (mark an X with your recommendation) :

Accepted, no revision needed	
Accepted, minor revision needed	**X**
Return for major revision and resubmission	
Reject	

Comments and Suggestions to the Author(s):

<u>Introduction</u>
 - **The problem statement is not consistent at the level of years. Talking of recent trends(2011) at the beginning of the problem statement cannot be longer than long past scenarios (2018)**

Literature Review:
- **Entrepreneurship support as a concept has been narrowly explained in relation to commercial banks.**
- **The theories are not clearly written in this section. It is good to mention the name of each theory reviewed**

- **Methodology: Structured questionnaires are only used for quantitative studies and not quantitative and qualitative**

- **References: They do not follow the recent APA style**

Comments and Suggestions to the Editors Only:

The paper makes good attempt at analyzing an interesting nexus. However, it fails to identify, and, much less, establish a gap. It therefore does not appear to have a thing to contribute to the literature. While this is important, it is not the basis for my decision. The paper is fraught with several structural and internal consistency issues.
First, the article's presentation does not conform to standards. It rather looks like a thesis. While it is not a crime to extract from a thesis, the extract should be in the format of an article.

Due to this shortfall, the introduction is so weedy, with the first two paragraph discussing, though relevant issues, but tangential to the matters and scope of discussion.

The discussions in the article seems to lack some internal coherence: at some point, the liquidity position of banks in Cameroon was said to improve above 100% and some points below. The standard benchmark was not articulated. Other issues causing the movement was not also discussed. The significance of financial innovation and entrepreneurship should have been discussed in the context of other drivers of liquidity. Generally, the communication of the problem is poor, setting a poor context for the reader to follow through and appreciate the nexus the author is analyzing.

While the method is in itself a good one, the carriage/analysis is poor. The authors merely considered the two variable of their interest, agnostic of others. This carriage of analysis would definitely suffer omission variable bias.

With the article failing to identify/establish a gap, having weedy introduction that loses the readers' attention, lacking internal coherence marred with poor communication, and suffering from methodological flaws, the article may not be allowed to proceed.

The authors may be availed this report and, on reworking the paper, may consider resubmission.

This paper addresses a timely and relevant topic—namely the impact of financial innovation and entrepreneurship support on the liquidity position of commercial banks in an emerging economy context.

The manuscript is conceptually well-motivated, draws on relevant theoretical frameworks and employs
an appropriate econometric model (cumulative probit). However, there are several critical issues that
limit the paper's current contribution, particularly in terms of variable construction, methodological
transparency and statistical robustness. Below, I detail both the main concerns and concrete suggestions
for improvement.

1. Title and Abstract
The title is clear and contextually appropriate. For added precision, consider rephrasing to: "Financial
Innovation and Bank Liquidity: Evidence from Commercial Banks in Bamenda, Cameroon."

The abstract correctly summarizes objectives, methodology and findings. However, it is overly verbose
and would benefit from being more concise and results-driven. I suggest stating key quantitative results.

2. Methodological Concerns
2.1 Construction of Dependent Variables
While the cumulative probit model is appropriately applied and the estimated threshold parameters are
statistically significant, the manuscript would benefit from a deeper reflection on the economic meaning
of these thresholds and the sensitivity of results to the categorization scheme adopted for the dependent
variable. Specifically, the authors are encouraged to explore the robustness of their findings to
alternative binning strategies for the liquidity position variable. For instance, they might consider:
a) Re-estimating the model using a different number of ordinal categories (e.g., three instead of five,
like small, medium, high), to assess whether the core coefficients (particularly for Financial Innovation and Entrepreneurship Support) remain stable;
b) Using quantile-based cutoffs (e.g., terciles or quartiles) instead of fixed thresholds to define ordinal
liquidity categories;
c) Providing a brief justification for the current coding scheme — particularly what the liquidity values 1.33, 1.50, 1.67, etc., represent in operational or regulatory terms.
Such sensitivity analysis would reinforce the validity of the empirical claims and reduce the potential
concern that the observed statistical significance is an artifact of an arbitrary categorization of the outcome variable.

2.2 Construction of Independent Variables
Financial Innovation (FI) and Entrepreneurship Support (ES), are constructed from questionnaire responses using Likert-scale items. While the survey questions are included in the appendix, the process of aggregation (e.g., averaging Likert responses) is implied but not explicitly documented or
justified statistically. I strongly recommend the authors:
- Evaluate the internal consistency of the questionnaire items composing the composite indices (e.g.,
Financial Innovation, Entrepreneurship Support) by calculating Cronbach's α. This will help ensure that the
items validly capture a single latent construct before aggregation;
- Consider using Principal Component Analysis (PCA) or Exploratory Factor Analysis (EFA) to synthesize the responses into statistically grounded latent indices;
- Alternatively, construct standardized composite indices with weights based on item relevance or
factor loadings.

2.3 Dimensionality and Interaction
Given the conceptual overlap between FI and ES, it would be informative to:
- Test for multicollinearity between these variables;
- Consider introducing an interaction term (FI × ES) to explore possible complementarities;

2.4 Model specification
The multinomial cumulative probit model is an appropriate choice for ordinal dependent variables.
However, no model robustness checks are reported. For instance, the assumption of proportional odds—which underlies ordered probit models—is not tested. Moreover, there is no mention of multicollinearity diagnostics between the independent variables, nor any exploration of potential confounders (e.g., bank size, ownership, exposure to crisis, etc.).
2.5 Sampling and Data Collection:
The sample consists of 39 respondents across banks in Bamenda, but the sampling strategy is not discussed. Was this a convenience sample, a stratified sample or did it involve random sampling? This
affects the generalizability of the results. Given the small sample size, the study might suffer from low
statistical power. This is especially important since one of the key predictors (Entrepreneurship Support)
was found to be non-significant.

3. Descriptive Statistics and Sample Characteristics
The summary statistics (Tables 3–4) are helpful but incomplete.
I recommend the authors include:
- A correlation matrix for FI, ES, and Liquidity Position;
- A table of item-level statistics for the Likert items

4. Model Fit and Specification Checks
The authors should:
- Test the proportional odds assumption, which underpins the cumulative probit model;
- Compare results to a generalized ordered probit model if this assumption does not hold.
5. Language and Style
The manuscript is readable but contains minor spelling and grammar issues. Examples include:
- "Manegement" → "Management"
- "businneses" → "businesses"
- "cleint needs" → "client needs"
- "Not al all affected" → "Not at all affected"
The authors are advised to perform a careful proofreading or seek light language editing to correct
orthographic inconsistencies and improve clarity.
6. Conclusion and Policy Recommendations
The conclusion is aligned with the statistical results. The emphasis on financial innovation is appropriate given its significance, while the nuanced treatment of entrepreneurship support is balanced.To strengthen the conclusion section, the authors might:
- More clearly delineate which results are statistically supported and which are interpretative

extrapolations;
- Identify at least two limitations (e.g., sample size, measurement method) and propose directions for
future research.