



## Bank Al-Maghrib: Fulfilling our Maya Declaration Commitments

Financial inclusion is instituted as a strong commitment of Bank Al-Maghrib since 2007, making it a key objective and one of the main vehicles of a global strategy for the financial sector development by the year 2020.

The commitment to promote access and usage of quality financial services was announced in 2013 by the Central Bank through the Maya Declaration. This was later reaffirmed in 2016 as part of the Financial Sector Alignment Roadmap for the Sustainable Development Goals during the COP 22 in Marrakech.

With the involvement of public and private operators, the Central Bank undertook several measures, covering all dimensions of financial inclusion including the banking penetration of the different segments of the population, financial education, consumer protection, MSMEs (Micro, Small and Medium Enterprises) finance and promoting innovation in the services provided by financial institutions.

Last Financial Sector Assessment Programme (FSAP) conducted in 2015 by the World Bank and IMF showed a rise in the banking rate, which attained 70% at end 2016, compared to 25% in the previous ten years.

At the organizational level, the Bank has established a dedicated Department for the Payment Systems and Means Oversight and Financial Inclusion, as part of the Central Bank's Board, responsible for developing the national financial inclusion strategy in coordination with other institutional partners. The creation of this department reflects the determination of Bank Al-Maghrib to pursue its financial inclusion efforts by mobilizing required resources for the implementation of appropriate people-centric policies equally based on the population needs and feedback from international experiences.

### Key Achievements within the Maya Declaration Framework:

At the 2013 AFI Global Policy Forum held in Kuala Lumpur, Bank Al-Maghrib made strong and ambitious commitments demonstrating its firm determination to continue expanding the domestic banking market to provide better financial services to the populace, particularly the most deprived segments, on a proactive basis. Bank Al-Maghrib committed to the AFI Network to increasing the banking rate to two-thirds of the population by the end of 2014, by working on:

- Access to a broad range of tailored financial products and services for the entire populace;
- Innovation in products, services and partnerships;
- Micro-credits;
- Consumer protection as part of development of secure and sound credit institution/customer relationship ; and

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- Financial education.

## 1. Partnerships with public and private stakeholders

In order to achieve these commitments, the Central Bank has mobilized public and private stakeholders as part of efforts to improve accessibility of the distribution model of formal financial products aimed at different segments of the population. To this end, the banks have developed partnerships with intermediaries in banking transactions, particularly the Micro-credit institutions, telecommunication companies and money transfer companies, thereby enhancing their presence in the different regions of the Kingdom.

In addition, they have initiated Low Income Banking (LIB) projects by providing specific products designed to meet the needs of those with low-income while using innovative technological solutions.

By the end of 2014, the targeted banking rate of two-thirds of the population had been achieved. In 9 years (2007-2016), the banking system has been boosted by almost 2,500 new branches, bringing the total to 6, 284 units with a banking density - measured according to the number of access points per 10,000 inhabitants - of 4.14 at end 2016.

## 2. Financial education and consumer protection

Bank Al-Maghrib has taken the initiative to coordinate public and private actors' activities as part of its financial inclusion efforts. These initiatives have been set out in the , national strategy led by the Moroccan Financial Education Foundation (FMEF). The FMEF has been established in March 2013 with the aim of consolidating the various disparate activities carried out in this area.

The objectives of this Foundation are (i) to promote the principles and good practices related to financial education and (ii) to raise awareness among the populace to a sound knowledge of financial services and risk management.

Since the commencement of its activities, no less than one million beneficiaries, including individuals, corporate entities, children and youths, have benefited from the Foundation's direct or indirect training and awareness-raising programs.

Regarding consumer protection, Bank Al-Maghrib has been striving to stimulate competition and enhance transparency in the banking sector particularly through the development, of a mobile banking mechanism. Created in in collaboration with the Professional Bankers' Grouping in Morocco (GPBM), the mechanism outlines the rules and principles that banks should adhere to in order to facilitate the process of transferring individuals' accounts to another institution. With this in mind, a guide

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has been elaborated and provided to customers offering information on the procedure for the transfer of the bank accounts.

### 3. National survey to assess perception of financial services

Furthermore, and considering the importance of data used for the design of relevant policies, Bank Al-Maghrib conducted a national survey in 2013 to assess the perception of financial services by Moroccan households and identify the bottlenecks to their financial inclusion. It is against this backdrop that the Central Bank has designed targeted and needs-oriented action plans, including the FMEF's first strategic plan.

### 4. Indicators to address access and usage

In addition, Bank Al-Maghrib has taken specific measures to develop a set of indicators in line with international standards, which address two fundamental dimensions of financial inclusion, namely: access to and usage of financial services. Regarding the "Quality" dimension, a banking service price index (BSPI) was developed in 2011 to accurately reflect the evolution of banking services pricing (see Appendix).

#### **New Commitments in line with the AFI Guidance:**

Having achieved commitments made in 2013, Bank Al-Maghrib set new objectives targeting the SMEs on one hand, and reducing gender gap on the other hand, as part of the Maputo and Denarau Accords respectively. This measure forms part of the ambition to unlock the potential of these two segments through policies based on their specific needs and to further strengthen their role in the Kingdom's economy.

Bank Al-Maghrib has developed action plans focusing primarily on improving product quality, financial capacity building and enhancing the monitoring and evaluation system. The plans included operators that are involved in the financial inclusion of VSMEs and women.

Thus, Bank Al-Maghrib has set up a Committee comprising the CGEM <sup>[1]</sup>, GPBM <sup>[2]</sup> as well as the CGC <sup>[3]</sup> and Maroc PME <sup>[4]</sup> which has developed a Memorandum on improving the Financing of the Economy. The Memorandum incorporates measures to be taken by the financial sector to support the financing of corporate entities in general and VSMEs in particular, as well as those owned by the state.

With regard to women, Bank Al-Maghrib has raised awareness among the Banks on the gender gap emerging from the financial inclusion indicators, urging them to initiate reflections on women's needs and the measures to be taken to serve them better. To guide financial sector actions, Bank Al-Maghrib has launched a study on

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international practices relating to the financial inclusion of women in order to identify relevant cases regarding the Moroccan environment.

### **Lessons Learnt from Bank Al-Maghrib's Experience:**

In order to address the persistent challenges of financial exclusion, the Maya Declaration resolves to act as well as calls for collaboration at both domestic and international levels. Commitment to AFI and its network would promote the mobilization of the various domestic and international stakeholders in a collaborative framework where the efforts of the public and private sectors would be unified to move in the same direction.

Morocco's experience in making commitments within the framework of the Maya Declaration demonstrates the importance of setting priorities for the coming years with the aim of providing the vital resources and achieving the desired results within the stipulated timelines. The commitments must reflect the directions of stakeholders and result in action plans that outline the stages to be followed. They should also identify the stakeholders to be brought on board as part of a coordinated approach to federate individual initiatives while capitalizing on domestic and international experiences.

This approach enabled Bank Al-Maghrib to measure its needs in terms of technical assistance and capacity building for its staff and partners in order to design effective policies and ensure their successful implementation.

In this regard, the AFI network has provided Bank Al-Maghrib with the members' experiences and the expertise of international institutions. Together with its peers, various aspects of financial inclusion were examined, adapting to international trends and proposing concrete actions that promote access to and usage of tailored financial services through innovative and secure channels.

Furthermore, Bank Al-Maghrib has developed frameworks for exchange involving various stakeholders that reviews all financial inclusion issues and promotes the appropriation of the action plans and alignment with the Central Bank's commitments and orientations. For this purpose, Bank Al-Maghrib has incorporated financial inclusion on the agenda of its biannual meetings with the bank's CEOs to provide an update on the progress made in financial inclusion area and collectively determine the way forward, particularly in view of the changing domestic and international context. The decisions taken are then transposed into action plans as part of the joint "BAM-GPBM" Committees.

In the same vein, and with effect from November 2015, a working group has been set up with the Ministry of Economy and Finance to jointly move forward in the various stages of the national financial inclusion strategy. In this regard, a "Search Conference" was organized in May 2017 aimed at sensitizing all stakeholders on the importance of collaboration, the challenges to be met as well as the success factors and risks associated with developing national financial inclusion strategies' process.

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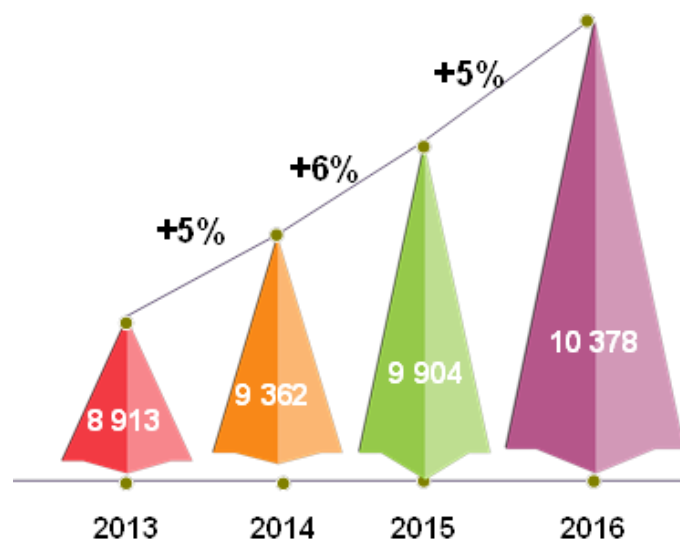
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Through this mechanism, all commitments made within the framework of the Maya Declaration have represented straight continuation of the activities undertaken with all stakeholders, which helped to raise the awareness of the latter on the barriers to be scaled, in order to establish a financially inclusive environment for the entire populace and this way assist Bank Al-Maghrib in achieving its commitments under the best conditions.

## Appendix: Financial inclusion indicators as at end 2016

### - Access :

- Increase in number of access points:



- The banking density reached 1 access point for 2417 adults on average.
- Geographical spread:

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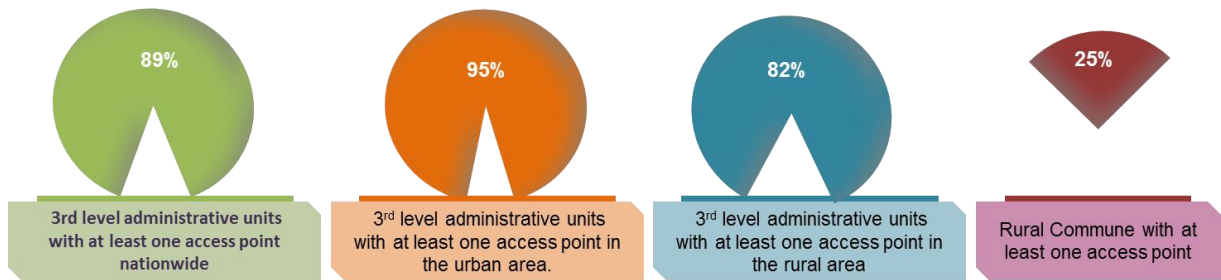
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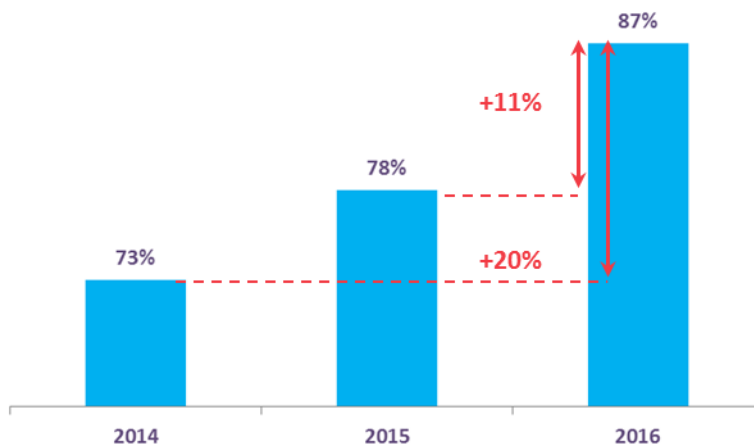
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- **Usage:**

- % of adults having at least one regulated deposit account: **87%**



- Average volume of deposits: **27 400 Dh**
- % of adults having at least one loan: **49%**

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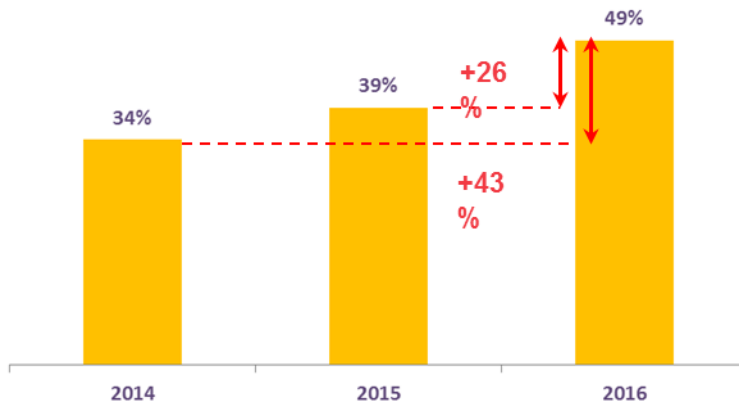
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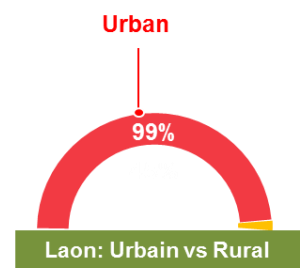
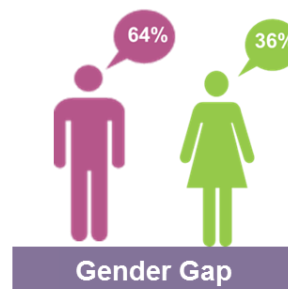
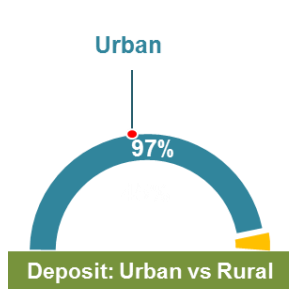
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- Average volume of bank loans contracted by individuals stood at : 24 000 Dh



- **Quality:**
  - BSPI:

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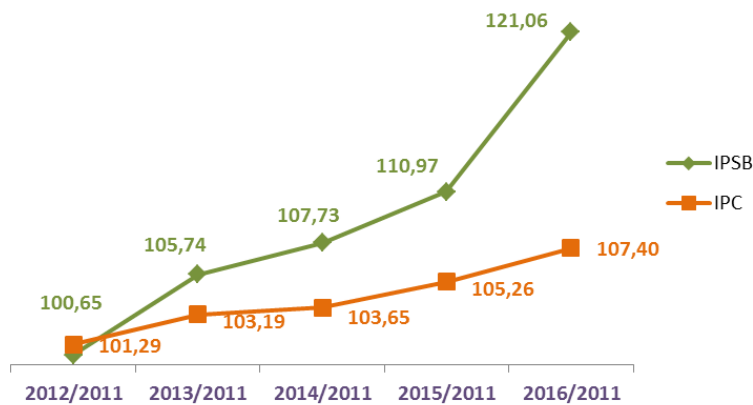
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The "Packages", "Account Maintenance Fees" and "Bank Card" services account for nearly 83% of the basket.

It has been revealed that the pricing evolution of these services has a significant impact on the BSPI. This impact would even be greater if pricing variations are effected by the leading banks on the market.

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