



MED MSMEs- Policies for inclusive growth: Coordination meeting

National Financial Inclusion Strategy- Moroccan case



June 23rd - 2022

Agenda

1

Approach & process

2

Vision & Ambitions

3

Strategic orientations & levers

4

Examples

Approach & process (1/2)



Large process of coordination and concertation launched since 2016 under Bank Al-Maghrib and Ministry of Finance leadership ...

2016- 2018

2019- 2023

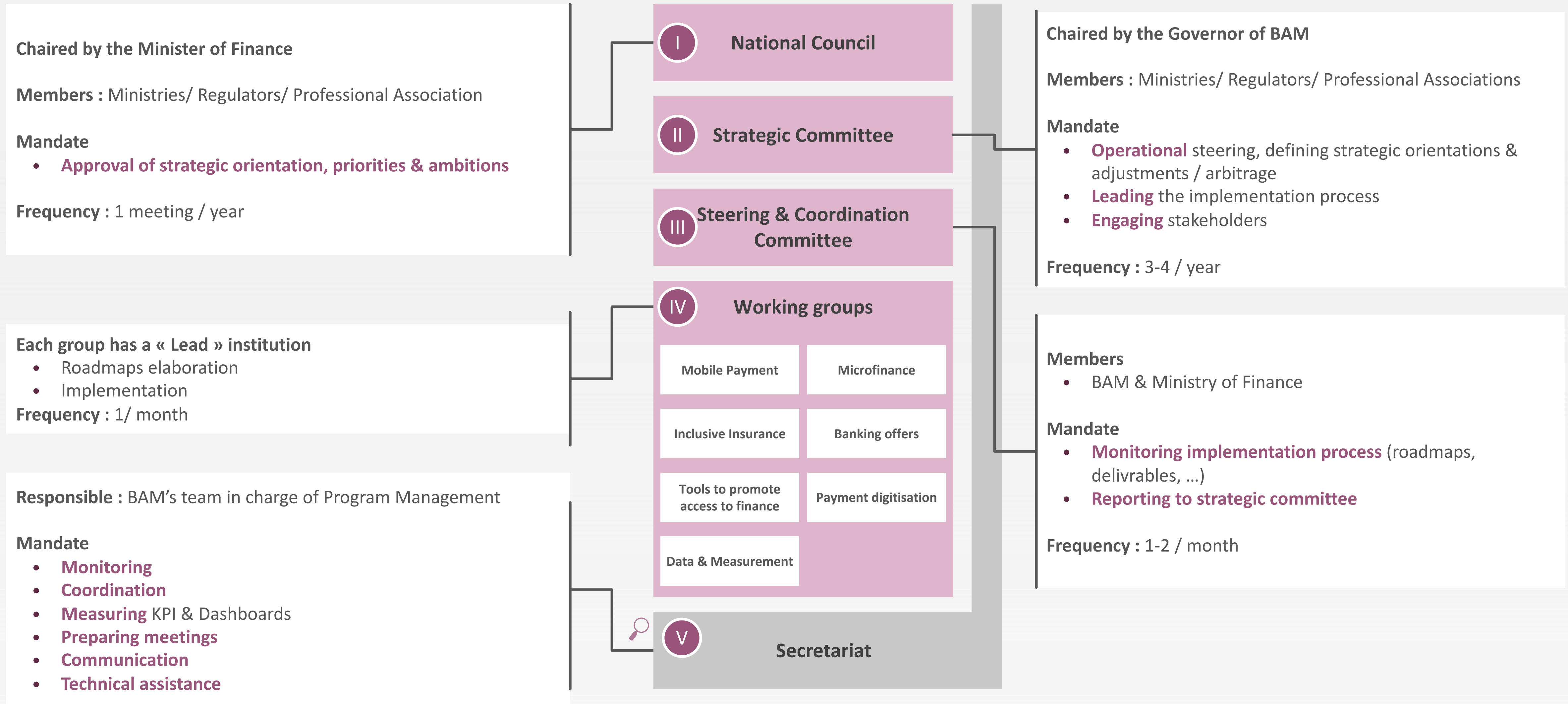


1. **Governance** structure / Strategic & operational bodies
2. **Current state diagnostic** based on supply & demand side data analysis
3. **Pre-formulation** based on a collaborative approach (Search conference)
4. **Formulation** building on conclusions from preliminary phases and international practices

1. **Operationalization** of governance bodies
2. **Elaboration** of the detailed roadmap of the NFIS
3. **Implementation** process (technical working groups)
4. **Monitoring & Evaluation** including financial inclusion indicators (Access, Usage & Quality)
5. **Impact measurement**



Approach & process (2/2)



Vision & Ambitions



... led to national vision and ambitions as well as a close collaboration with sectoral policies



“

Equitable access for all individuals and businesses to formal financial products and services (transactions, payments, savings, financing and insurance) to be used according to their needs and means, in order to promote economic inclusion while preserving their rights and dignity

”



Ambitions

Achieve, then exceed the "relevant" penetration level for Morocco

Reducing the most significant inclusion gaps

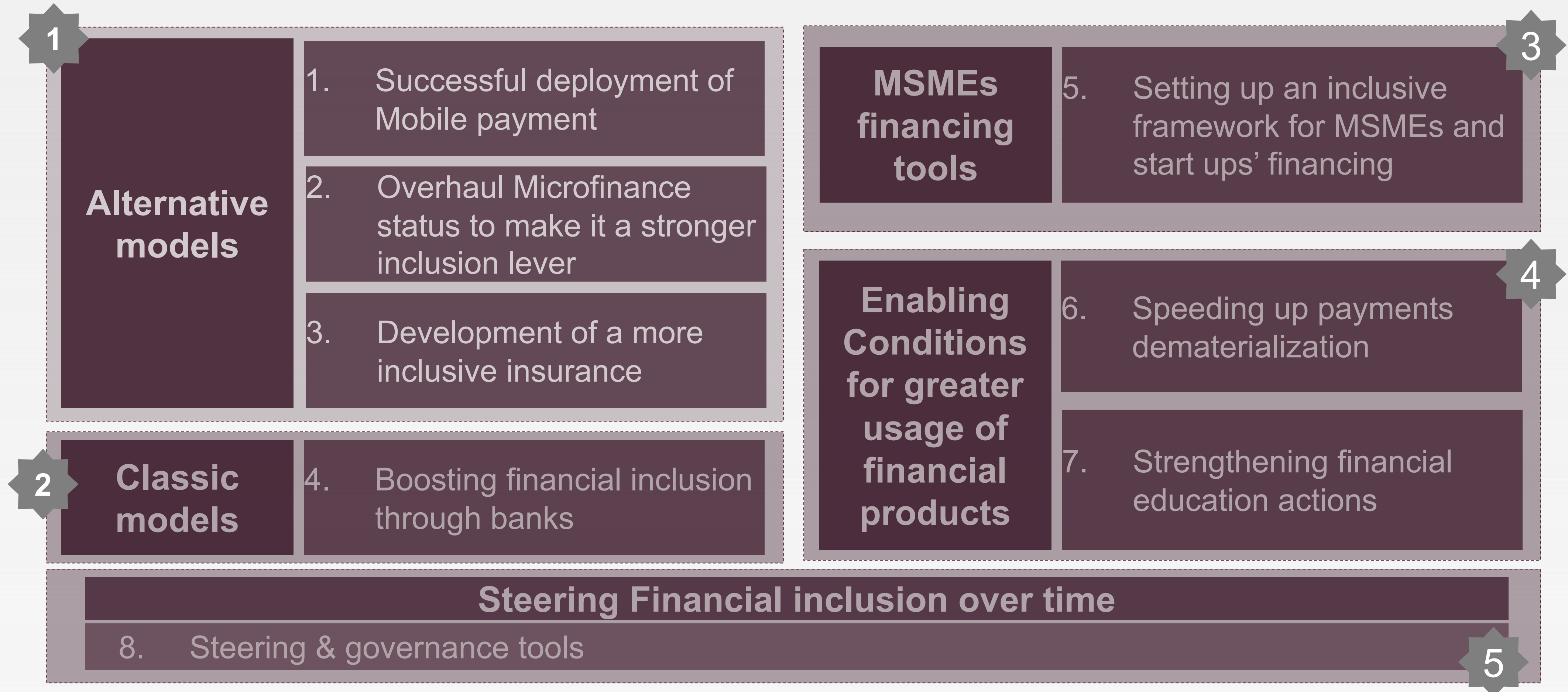
Leveraging financial inclusion for economic and social inclusion




Strategic orientations & levers



... led to a national vision and ambitions as well as a close collaboration with sectoral policies




Update: Main achievements (1/2)




1. Successful deployment of Mobile payment
6. Speeding up payments dematerialization

1. **Economic model:** pricing, Tax incentives, ...
2. **Access to mobile payment:** technical aspects, interoperability, ...
3. **Network development:** Operationalization of payment institutions and their agents, ...
4. **Governance:** Implementation of a dedicated Economic Interest Grouping
5. **Communication & financial education:** Communication strategy, targeted campaigns, dedicated financial education program, ...
6. **Digitization of social aids:** pilot experience on a scholarship program



2. Overhaul Microfinance status to make it a stronger inclusion lever

1. **Legal & regulatory framework:** new law published in July 2021, regulatory framework ongoing
2. **Incentives & counterparties:** adoption of tax incentives, setting financial inclusion goals
3. **Sectors transformation:** support measures for successful transformation




3. Development of a more inclusive insurance


1. **Legal & regulatory framework:** introduction of micro-insurance to promote accessibility & simplification of standard contracts
2. **Dedicated offers for Very Small Businesses:** new partnerships with relevant Ministries and launch of study related to VSBs needs
3. **Financial education:** training model on micro-insurance with specific sheets explaining contracts
4. **Measurement:** development of inclusive insurance barometer




Update: Main achievements (2/2)



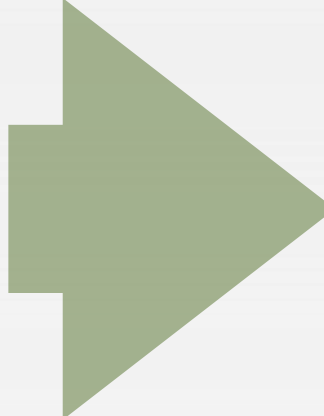
4. Boosting financial inclusion through banks



1. **Rural financial inclusion:** Banks' partnership for efforts & resources mutualisation, implementation of mobile and digital branches, agri-finance study, ...
2. **SMEs:** INTELAKA program
3. **People with disabilities:** dedicated roadmap, specific code of conduct for barrier-free banking and payment services



5. Setting up an inclusive framework for MSMEs and start ups' financing



1. **Credit Bureau:** New law in approval process
2. **Movable registries:** legal provisions, capacity building programs for financial institutions and target population
3. **Crowdfunding:** legal & regulatory framework and development of a dedicated ecosystem



Support from the secretariat: Impact measurement tools, awareness raising measures, studies (agri-finance, financial capability barometer, mystery shopping, ...)



Examples (1/3)

Example 1: Crowdfunding (1/2)



In Morocco, specific law was adopted



Description

Participatory financing allowing project owners (individuals, companies, associations) to **raise funds directly from individuals via digital platforms**



3 categories

- **Donations** with no expectation of financial return/ with or without counterparts
- **Direct loans** with or without interest
- **Investments** in the company's capital to become a shareholder

Legal framework for Collaborative Finance Companies (CFCs) :

- **Legal and prudential rules** (minimum share capital, legal form, etc.)
- **Supervisory authorities:** BAM for lending and grant activities and AMMC for capital investment activities
- **Allowed activities for CFCs:** terms and conditions.
- **Authorized funding limits** per contributor and per project

Approval system for "loan" and "investment" type CFCs:

- **Minimum conditions for approval:** requirements for structuring the organization, securing transactions, etc.
- **Procedure for the examination of the application by authorities:** processing time, registration in the CFC register, etc.



Examples (2/3)

Example 1: Crowdfunding (2/2)



Regulatory framework:

- **Issuance of a decree on Mai 19th** : provides operational details to be completed by regulators' provisions. It defines the status of the business angel and set the eligibility criteria to benefit from it (to be a member of investors' network recognized by the Ministry of Finance, ...). It sets the list of excluded activities & businesses for participatory financing operations
- **Bank Al-Maghrib's circulars**: setting the conditions and modalities for the implementation of financing operations in the "loan" or "donation" category (licensing, contracts content for CFCs & Credit Institutions, reporting, internal control, information to contributors...)



Examples (3/3)

Example 2: Microfinance

A credit institution status dedicated to microfinance objectives



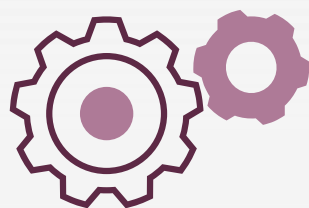
Finality

- Promote financial inclusion for a better socio-economic insertion



Target population

- Low income individuals & businesses
- Income generation/ job-creating activities



Financial activities

- Production or service activity to ensure economic insertion
- Acquisition, construction or improvement of housing
- Electrical installations or access to drinking water
- Subscription to insurance contracts with insurance companies

⇒ Boost microcredit role in the financial system, improve its governance, and expand microfinance institutions scope

⇒ New activities: deposits and micro-insurance operations

The new law defines microcredit institutions as "legal entity carrying out microcredit activities in favor of limited income population with the aim of creating or developing production or service activities, or income-generating and job-creating activities.

2 options: Association or a joint stock company assimilated to credit institution.



Thank you