



RemitSCOPE

Africa



Morocco

Country diagnostic

ACKNOWLEDGEMENTS

This country diagnostic was commissioned by the International Fund for Agricultural Development (IFAD) to Developing Markets Associates Global (DMAG) in implementation of the PRIME Africa initiative, co-financed by the European Union, and presented at the first National Remittance Stakeholder Network in Morocco in 2021. Development of this diagnostic was coordinated by Pedro De Vasconcelos (Financing Facility for Remittances, IFAD) and Leon Isaacs (DMAG), with extensive contributions by team members of both institutions.

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the International Fund for Agricultural Development of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The designations “developed” and “developing” economies are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

This publication or any part thereof may be reproduced without prior permission from IFAD, provided that the publication or extract therefrom reproduced is attributed to IFAD and the title of this publication is stated in any publication and that a copy thereof is sent to IFAD.

ISBN 978-92-9266-197-7

© 2022 by the International Fund for Agricultural Development (IFAD)

TABLE OF CONTENTS

Acronyms.....	3
Executive summary	4
1. Migration and remittances	9
2. Financial environment.....	13
3. Regulatory environment.....	20
4. Remittance market structure - sending.....	23
5. Remittance market structure - receiving.....	33
6. Financial services for remittance users.....	38
7. Stakeholders and coordination	42
8. Priority measure recommendations.....	44

Figures

1. PRIME Africa activities in Morocco	7
2. Migrant stock by gender	10
3. Moroccan migrants: 10 top destination countries	11
4. Changes in remittances per main remitting region, from 2006 to 2019	12
5. Main remitting countries and regions, in 2019	12
6. Financial inclusion measured by possession of an account in the Near East	17
7. Gender gap in access to finance.....	17
8. Remittance transfer modalities.....	18
9. Average cost and cost structure to send the equivalent of US\$200 to Morocco.....	23
10. Costs per agent/cash and online channels	24
11. The remittance value chain in Morocco: overview of the upstream corridor competition, sending side	24
12. Money transfer operators active in the Moroccan remittances market	25
13. Money transfer methods to Morocco from France	26
14. Money transfer methods to Morocco from Germany	27
15. Money transfer methods to Morocco from Italy	28
16. Money transfer methods to Morocco from Spain.....	29
17. Money transfer methods to Morocco from Belgium.....	30
18. Money transfer methods to Morocco from the Netherlands.....	31
19. The remittance value chain in Morocco: focus on the receiving end	33
20. Change in financial services access points	36
21. Elements included in the range of banking services targeted at the Moroccan diaspora	38

Tables

1. Number of migrants, per destination country	10
2. The adoption of electronic money and financial inclusion in comparable countries.....	16
3. Various levels of payment accounts are subject to regulations addressing client identities.....	20
4. Remittance corridors and potential measures	32
5. Payment institution distribution channels via agents and related payment services	34
6. International money transfer brands offered by the payment institutions (sample based on payment institutions surveyed for the diagnostic).....	35
7. Distribution of access points by category	36
8. Financial service providers for the Moroccan diaspora	39

ACRONYMS

AML/CFT	anti-money laundering/combating the financing of terrorism
ATM	automated teller machine
BAM	Bank Al-Maghrib (Moroccan Central Bank)
CICO	cash-in, cash-out
EU	European Union
FFR	Financing Facility for Remittances
FSP	financial service provider
G2P	government-to-person
IFAD	International Fund for Agricultural Development
fintech	financial technologies
FMEF	Fondation Maroccoaine d'Éducation Financière (Moroccan Foundation for Financial Education)
GDP	gross domestic product
KYC	know-your-customer
MAD	Moroccan Dirham
MTO	money transfer operator
P2P	peer-to-peer
UN DESA	United Nations Department for Economic and Social Affairs

Executive summary

This research is part of a series of country diagnostics in selected African countries, in implementation of the Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa) initiative. The diagnostic series can be downloaded on the RemitSCOPE web portal.

Migration and remittances

- The Moroccan diaspora is significant at more than 3 million Moroccan migrants (8.5 per cent of the population), nine out of 10 of whom reside in the European Union (EU), and mostly in countries located in southern Europe.
- With US\$6.7 billion remitted in 2019, Morocco receives the third most funds of countries in Africa. Transfers represent 6 per cent of the Gross Domestic Product and a safety net for 2 million families.

Financial environment

- Digitalization of the economy and payments is at the heart of Morocco's development and financial inclusion strategies, established to achieve the Sustainable Development Goals (SDGs).
- The COVID-19 crisis has accelerated the digitalization of payments and financial services, opening the path to more comprehensive digitalization of money transfers abroad.
- The domestic retail payment system was historically managed by banks and based on payment cards. This system is now interoperable with mobile phone payment systems, offering Moroccan remittance service aggregators the possibility to further digitalize their vast payment network.
- International and domestic remittances to mobile phone payment accounts could increase the numbers of this type of account being activated as well as related tasks completed (or use cases), the latter of which are currently limited to domestic transfers and merchant payments. This would all increase financial inclusion, especially for women.

Regulatory environment

- The regulatory environment in Morocco as related to remittances clearly defines the options and conditions for such partnerships and promotes digital funds transfers.
- The status of retail agents at payment institutions could be further optimized to encourage the use of mobile phone payment accounts and become a new channel for international remittances.
- There is a high degree of compliance from MTOs with the international standards for anti-money laundering/combating the financing of terrorism (AML/CFT) and the new electronic national identification card makes it possible to streamline the identification process, while promoting the opening of low-risk accounts.

Market structure

At the sending side

- The average price of sending remittances to Morocco has been decreasing over the past decade. As of Q1 2021, it stood at 5.56 per cent, a reduction of 34 per cent over the past decade despite rising slightly during the COVID-19 pandemic. This cost is lower than the global average of 6 per cent (Q4 2021). There is a certain margin for manoeuvring using the online channel that exists for further reduction, towards achieving SDG 10.c, which targets bringing costs to under 3 per cent.
- The Moroccan remittance market is largely cash-based, while Moroccan savings residing abroad are mainly funnelled through banking channels.

At the receiving end

- For decades, international remittances were made through intermediary bank agencies and aggregator networks in cash – and these were owned by banks or independents with large coverage throughout the country. The recent growth in the number of retail agents offering prepaid cards and mobile phone payment services could lead to a larger payment network that is able to reach areas and populations that are still poorly serviced.
- The historical payment networks managed by the banks and aggregators are supplemented by retail agents for payment institutions are rapidly expanding and are more decentralized. However, the range of options they offer for digital payments is still limited.
- Despite good network coverage within the country, 11 per cent of the population still lives within more than 10 km from a point of access to money transfer services, and only 25 per cent of rural municipalities have an access point (IFAD/World Data Lab, 2020).

Financial services for remittance users

- Moroccan banks have developed a complete range of services or “packages” for use by the diaspora, through a direct presence in destination countries as well as online banking options. However, overall, the financial services required to meet all migrant needs are dispersed among numerous service providers.
- Models for scaling and inclusive partnerships between banks, microfinance institutions and payment institutions could make it possible to respond to the profiles of remittance beneficiaries and to move towards initiatives for offering business financial education by the Moroccan Foundation for Financial Education. However, no particular plan exists for this sub-group of the population within the domestic strategy for financial inclusion, or within the national financial education plan.
- Establishing remittance beneficiary profiles and quantifying each client sub-group would help the private sector customize financial offerings and help the Moroccan Foundation for Financial Education adapt key financial educational messages for this sub-group. The qualitative study carried out within the context of the Greenback project could contribute to this.

Stakeholders and coordination

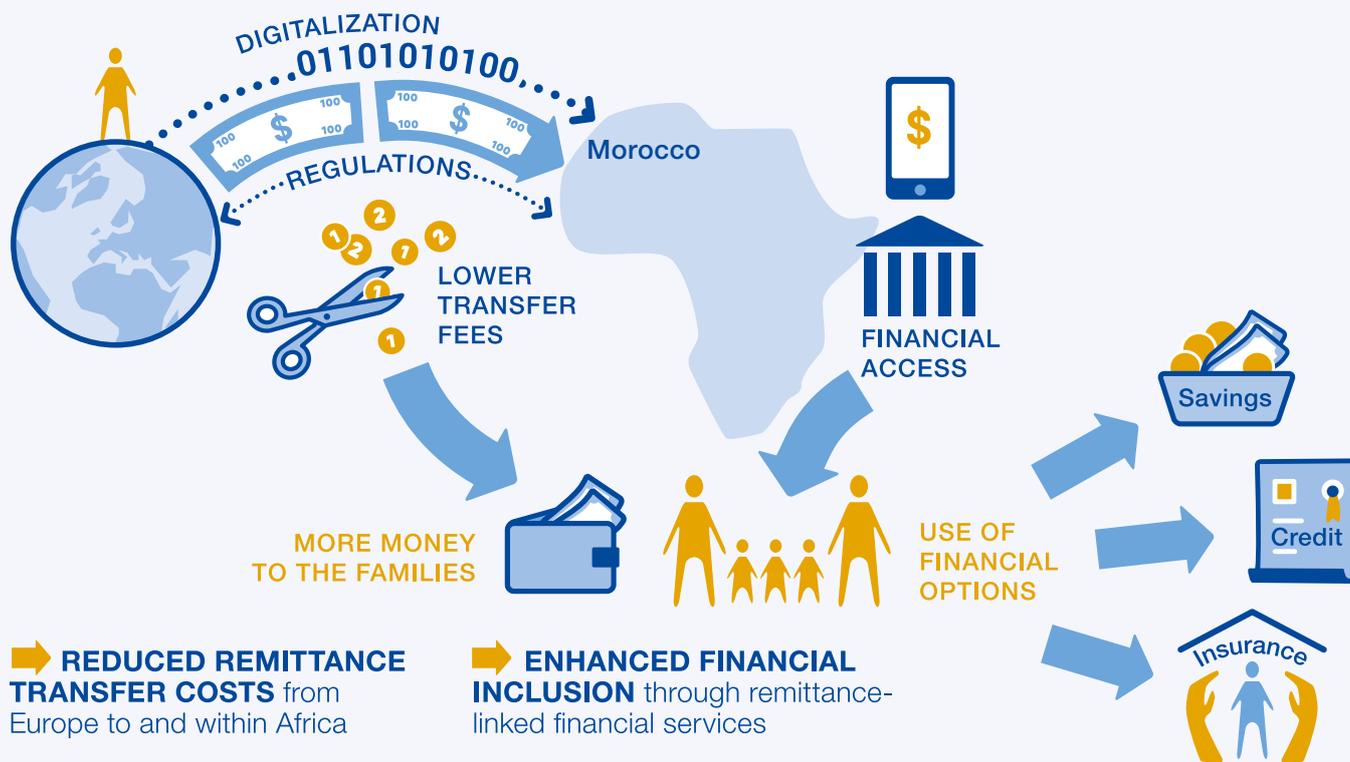
Governance and monitoring of remittance activities is the responsibility of the Bank Al-Maghrib (Moroccan Central Bank [BAM]), the Ministry of the Economy and Finance and the Office of Foreign Exchange of Morocco.

The PRIME Africa initiative

IFAD is implementing the **Platform for Remittances, Investments and Migrants’ Entrepreneurship in Africa (PRIME Africa) initiative**, co-financed by the European Union and aimed at maximizing the impact of remittances for millions of families in selected African countries, which contributes to fostering local economic opportunities in migrants’ countries of origin (figure 1).

Figure 1. PRIME Africa activities in Morocco

GOALS



➔ **REDUCED REMITTANCE TRANSFER COSTS** from Europe to and within Africa

➔ **ENHANCED FINANCIAL INCLUSION** through remittance-linked financial services

ACTIVITIES



● **Address the data gap**
Strategic market data allow for further market depth and width, and targeted capacity-building to key stakeholders for remittance data creation and use.



● **Increase market competition**
Expand access to remittances through close cooperation with public and private sectors, and additionally reduce significantly direct and indirect costs, and spur market competition.



● **Support an enabling environment**
Coherent national regulatory frameworks in both sending and receiving countries can foster competition in remittance corridors and enable safe, cheap and fast transfers.



● **Finance and promote business models linking remittances and financial services**
Co-finance and promote innovative, replicable and scalable business models and technologies that link remittances to financial services, towards greater financial inclusion.



● **Finance scalable innovations and related capacity**
Collaboration mechanisms in place among central banks, regulatory bodies, the private sector and diaspora communities in sending and receiving countries; and strengthened capacity to adapt and scale up best practices within an operational framework that allows cooperation among partners.

Objectives

This Country diagnostic for remittances to Morocco was prepared in accordance to the objectives of the PRIME Africa initiative. Its main objectives are:

- to reduce remittance costs to Morocco in support of the SDG 10.c and the Global Compact for Safe, Orderly and Regular Migration;
- to reduce the use of informal remittance channels to Morocco;
- to enhance financial inclusion through associated financial services; and
- to promote digitalization within the context of the COVID-19 pandemic.

This diagnostic is a working document that will be updated and amended as additional information is collected and assessed. Currently, the report provides an assessment of the remittances market in Morocco. It will be consolidated soon with insights into three specific send market corridors to Morocco, including demand-side research for Germany, France and Italy.

Based on the findings of this diagnostic, recommendations will be included in a road map proposing a prioritized approach for achieving the PRIME Africa goals. Coordination and cohesion with public policy and other international development agencies will be key to success. It is envisaged that public and private funding will be made available for road map implementation.

Methodology

At this stage, the focus of the Morocco diagnostic has been on the remittances market in Morocco and the approach that has been adopted focuses on the supply side of the market. This diagnostic includes:

- 2.1. desk-based research;
- 2.2. interviews with stakeholders, including the BAM, the professional association for payment institutions, leading international money transfer operators (MTOs), banks, payment institutions, the Moroccan Foundation for Financial Education and specialist consultants; and
- 2.3. mystery shopping exercises for remittance pricing, products and services.

Interviews with stakeholders took place between November 2020 and February 2021 and mystery shopping exercises between August and September 2020.

1. Migration and remittances

Migration

- The latest estimates by the High-Commission for Planning show that more than 5 million Moroccans reside abroad (count from those registered in consulates).
- According to the United Nations Department of Economic and Social Affairs (DESA, 2019), France, Spain and Italy have the largest Moroccan diaspora, respectively hosting, 33 per cent, 23 per cent and 14 per cent of Moroccan migrants. However, there are also more than 100,000 members of the Moroccan diaspora in Belgium, the Netherlands and Germany. This group of countries in the EU hosts 86 per cent of the Moroccan diaspora.
- The Gulf countries, another fairly recent destination (not counted in the DESA statistics), host close to 4 per cent of the diaspora (High-Commission for Planning, 2020).
- Outside the EU, Israel, the United States of America and Canada host the largest number of Moroccan migrants.
- Intra-African migration is very limited and is not comparable in size to that of EU countries. The leading destination country in Africa, Tunisia, only hosts around 6,000 Moroccans.
- The Moroccan diaspora is balanced in terms of gender, with 47 per cent of migrants being women according to DESA. Furthermore, the rate of growth in the migration of women has been greater than that of men since the mid-2000s, mainly due to family reunification, but also because more and more women are leaving to study abroad, and a general political context that is restrictive to migrant workers.
- Germany, Spain and Italy host the largest proportion of migrant men. There are only 44 to 45 per cent women migrants in the EU. The situation is slightly more balanced in France, where 49 per cent of migrants are women.
- It is important to note that there are more women migrants than men in Israel, the United States of America and Switzerland.

The Moroccan diaspora is significant with more than 3 million Moroccan migrants (8.5 per cent of the population), nine out of 10 whom reside in the European Union (EU), and mostly in countries located in Southern Europe.

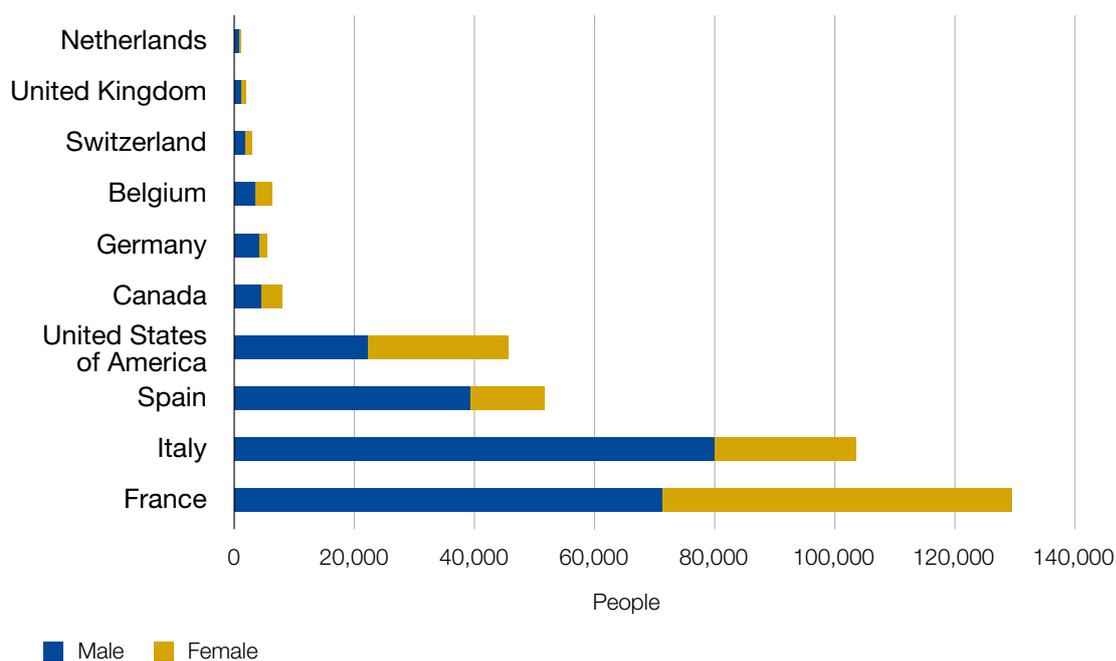
Table 1. Number of migrants, per destination country

Destination country	Number of migrants	per cent of the diaspora
World	3,136,069	100
France	1,020,162	33
Spain	711,792	23
Italy	450,557	14
Belgium	226,216	7
Netherlands	180,879	6
Israel	158,622	5
Germany	105,928	3
United States of America	79,646	3
Canada	74,184	2
United Kingdom	24,163	1
Switzerland	18,694	1

■ EU corridors

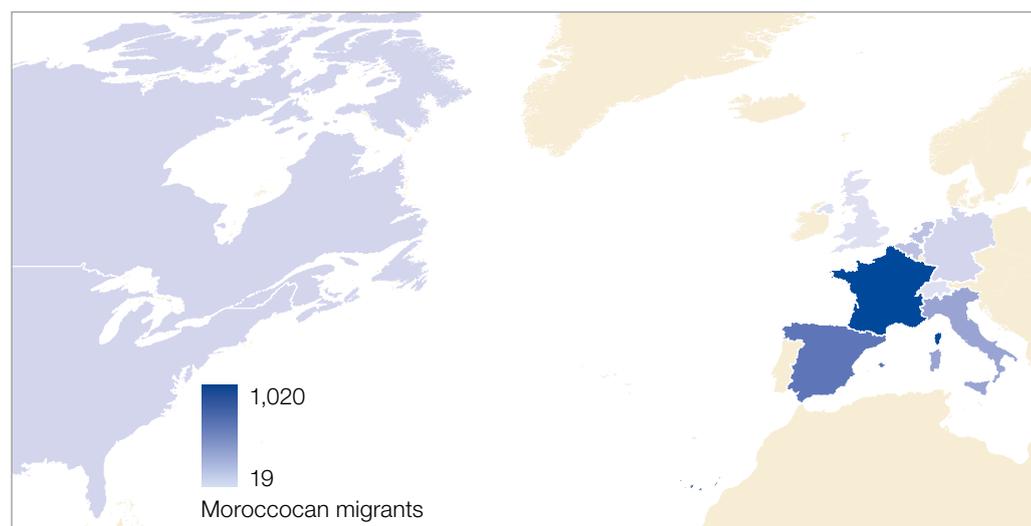
Source: DESA, 2019.

Figure 2. Migrant stock by gender



Source: UNDESA, 2019.

Figure 3. Moroccan migrants: 10 top destination countries



Source: UNDESA, 2019.

- **Three regions host more than half of migrant households:** Casablanca-Settat (23.3 per cent), Béni Mellal-Khénifra (14.9 per cent) and Rabat-Salé-Kénitra (12.4 per cent).
- **Migrant households in rural areas come from three main regions:** Béni Mellal-Khénifra (41.7 per cent), Draa-Tafilalet (14.8 per cent) and Oriental (13 per cent).

Remittances

- Morocco receives the third most remittances of countries in Africa (after Egypt and Nigeria). In 2019, US\$6.7 billion were sent to Morocco, which is 6 per cent of the country's GDP, according to data from the Office of Foreign Exchange on remittances.
- Remittance data are gathered by the Office of Foreign Exchange of Morocco, which publishes them on its website. Series of monthly aggregated data as well as annual disaggregated data per corridor are shared.
- Over a long period (10 years), transfers of funds increased by 2 per cent per year (annual growth rate for 2008–2019). Stagnation or a light decline in remittances from historic destination countries in Europe since the crash of 2007 has been counterbalanced by a strong increase in migration to Gulf countries and the United States of America.
- A third of funds remitted come from France (US\$2.4 billion) and two-thirds are from the EU. The inflow from the EU represented 3.7 per cent of Morocco's GDP in 2019.
- The inflows from Italy and Spain are almost equal, at US\$600 million, despite the fact that Spain hosts more Moroccan migrants than Italy; this may reflect the effect of unregistered or informal inflows, considering the geographic proximity of Spain to Morocco.
- Remittances from Gulf countries are disproportionate to the size of their Moroccan diaspora and represent 7 per cent of incoming remittances and only 4 per cent of the diaspora. Remittances from the United Arab Emirates and Saudi Arabia have surpassed those from the United States of America since the middle of the decade (less than US\$400 million).

With US\$6.7 billion remittances in 2019, Morocco is the third highest recipient of remittances in Africa. This figure represents 6 per cent of the gross domestic product (GDP) and a safety net for 2 million families.

Figure 4. Changes in remittances per main remitting region, from 2006 to 2019

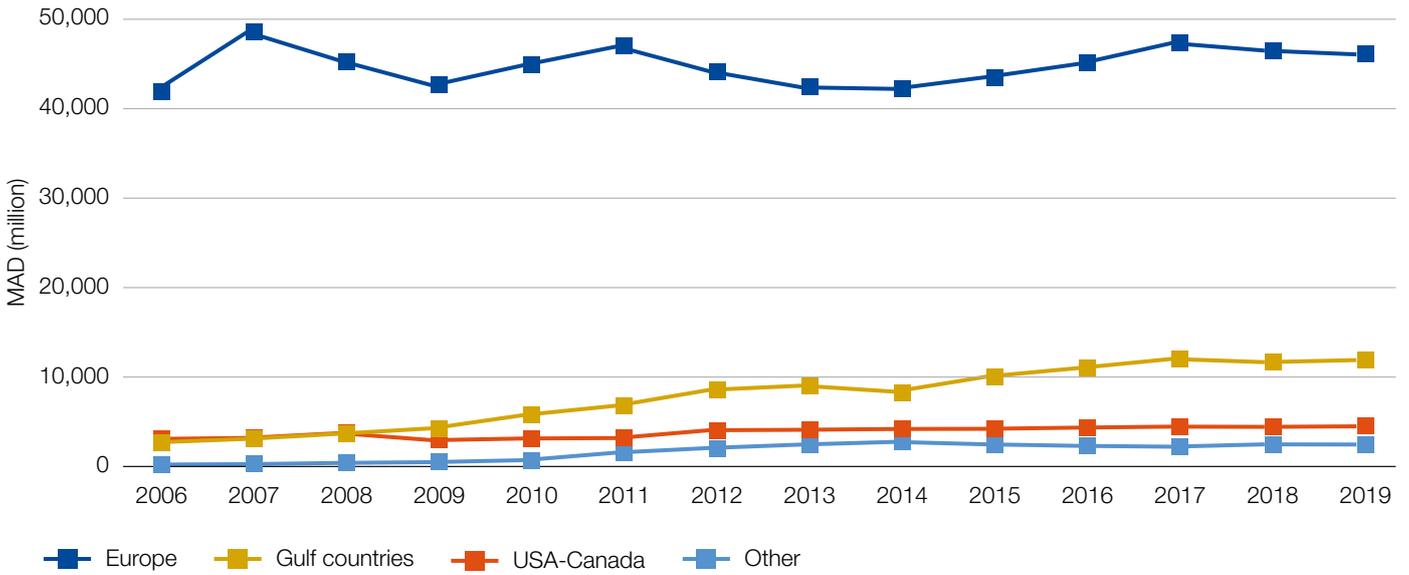
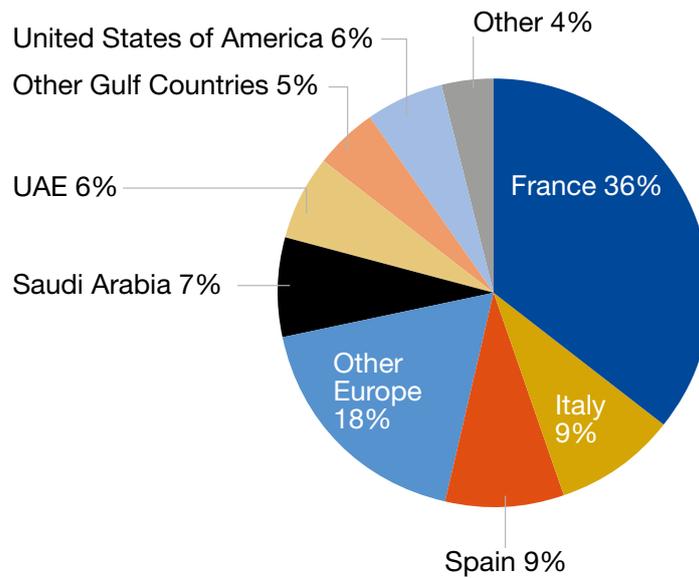


Figure 5. Main remitting countries and regions, in 2019



Source: Office des changes, 2020.

PRIORITY MEASURES

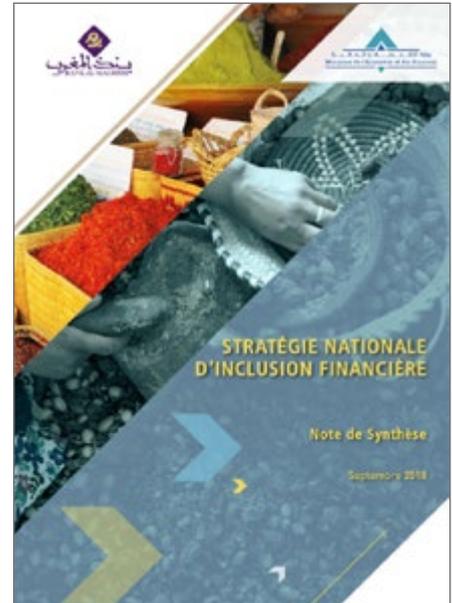
1.1. Improve receipt and dissemination of disaggregated data about transfer method (cash or bank account) and other key characteristics that can assist market actors to streamline their offerings, their marketing techniques and their target strategies, and, in particular where gender is an issue (half of the diaspora is women), as well as remittance destination (rural or urban areas).

2. Financial environment

Digitalization of the economy and payments is at the heart of Morocco's development and financial inclusion strategies, established to achieve the SDGs.

Under the Ministry of the Economy and Finance and the BAM, Morocco adopted a domestic strategy of financial inclusion based on digitalization. It is considered a way to accelerate the deployment of non-traditional and classic models for poorly served populations or those excluded from financial services.

- Toward the goal of establishing the **national financial inclusion strategy**, in 2015, the Ministry of the Economy and Finance and the BAM launched a consultative process involving the private sector and public stakeholders. A strategic document was drafted in 2018, in which defines the strategic orientations and the government structure to establish and implement this strategy. Quantitatively, the goal is to increase the level of financial inclusion (the portion of adults with an account) from 29 per cent to 47 per cent, to bring it to levels similar to those of comparable countries.
 - Remittances are mentioned as a trigger for the growth in the number of access points over the last decade. However, remittances are not explicitly addressed within the strategy.
 - This diagnostic highlights the gaps in access between rural and urban areas, as well as between men and women (only 17 per cent of women use an account, as opposed to 41 per cent of men). To address this, the strategy defines non-traditional models (digital financial services, microfinance) as well as classic models (banking services) to better serve rural areas with accessible products that are less expensive and adapted to the needs of low-revenue populations and, in particular, women.
 - The strategy rests on eight key measures: i) deployment of a mobile phone payment network; ii) increase of the status of microfinance to improve financial inclusion; iii) establishing and promoting inclusive insurance services; iv) creating an environment that is favourable to a more inclusive banking sector; v) encouraging financing of small and medium businesses and inclusive retail products; vi) accelerating digitalization; vii) improving and coordinating financial educational initiatives; and viii) implementing a governance structure and an implementation process specifically designed to increase financial inclusion.
 - Deployment of the strategy is based on creating topic-specific work groups that will bring public and private sector stakeholders together to draft a road map and ensure implementation.
- In its 2019–2023 strategic plan, the BAM defined objectives for accelerating the digitalization of payment services, while also contributing to the development of an ecosystem of financial technologies (fintech).
- The initiative to finance the policy to increase financial inclusion and the digital economy led by the World Bank is in line with [Government Programme 2016–2021](#) piloting the digital transformation (Morocco's Digital Plan). The second milestone in the report



on the initiative lays out the reforms required to implement digital platforms, such as the mobile phone payment systems and digital e-commerce platforms, highlighting the financial market infrastructure and mobile phone payments. These reforms will increase access to high-speed Internet and promote competition within the sector, including in rural areas.

The COVID-19 pandemic accelerated digitalization for payments and financial service offerings, opening the path to growing use of digital solutions for the remittance of international funds.

Measures taken by the public sector in response to the COVID-19 pandemic

- The BAM temporarily simplified its procedures for opening accounts during the pandemic, allowing anyone to open a payment account (level 2), capped at MAD 5,000 (US\$555), without physically going to an agency.
- The measures taken temporarily eased regulations related to identifying clients (know-your-customer [KYC]), and specifically allowed for a payment account to be opened with a client's phone number and the client's digital national identity card.

Private sector

- **Bank of Africa** offers a contactless payment card.
- **Attijariwafa Bank** offers free transfers to Morocco if they originate from Attijari Europe.
- **Banque Populaire** offers free online banking services.

Barid Cash, a subsidiary of **Al Barid Bank**, an authorized payment institution, has used its vast network of points of access within the country to become one of the main centres of funds disbursement where beneficiaries can receive their payments. When government-to-person (G2P) payment beneficiaries have gone to BaridCash points of sale to collect their public payments, the financial service providers have attempted to entice them to open mobile phone payment accounts, and then send the governmental transfers in cash to transfers per account using different methods: by waiving fees for mobile phone payment accounts, by offering other useful services, such as water and electricity bill payments and mobile phone recharging, and conducting an information campaign to highlight the advantages of mobile phone payment accounts (specifically, more rapid access to funds, no waiting lines at access points, and the advantage of digital transfers as opposed to those in cash, which allows one to remain safely at home). The rate of client registration for April and May 2020 increased by 62 per cent compared to the pre-pandemic average (January and February).

Resilience of remittances from Moroccans living abroad

- The BAM has stated that remittances from the Moroccan diaspora were very resilient in 2020 despite the COVID-19 pandemic, increasing 5 per cent over the previous year.
- Among other factors, travel restrictions and the use of savings to return to the country during vacations contributed to maintaining the amount of funds remitted to the country in support of families in a time of crisis.

Financial service provider (FSP) interoperability

- In Morocco, there is **effective interoperability** between all types of financial service providers, including banks and payment institutions. All authorized financial institutions (banks and payment institutions) are able to access the retail payment system.
- Morocco recently launched a national mobile phone payment project called HPS Switch.
 - HPS Switch was launched at the end of 2018. According to BAM estimates, 400,000 users were expected the first year, and this number should experience exponential growth, reaching 6 million by 2024. The number of merchants and agents will increase from 3,000 the first year to 51,000 in 2024.
 - At the institutional level, the Groupement de paiement par téléphone mobile au Morocco (Mobile Telephone Payment Group in Morocco), an economic interest group, was created in January 2020. Furthermore, the Association professionnelle des établissements de paiement (Professional Association for Payment Institutions) is in charge of coordinating bank users and non-bank bank users for HPS Switch. In September 2020, the association had seven banks and five payment institutions as members.
- Incoming international remittances can be received in cash, through an electronic wallet (card or mobile phone), into an account (bank account or savings and loan account) or can be withdrawn at a post office location (Al Barid Bank and Barid Cash), or at an automatic teller machine (ATM).
- Domestic aggregators offering services from various MTOs allow new companies to easily enter the market by removing the burdensome task of establishing new partnerships to develop the payment network. Additionally, authorized aggregators in their role as payment institutions are rapidly expanding their network, completing the traditional payment infrastructure made up of bank agencies, postbank offices and automatic teller machines (ATMs).
- Multichannel platforms and multiple products have recently established operational partnerships in Morocco, like the partnership between [MFS Africa](#), the [digital MTO WorldRemit](#) and the local payment institution Inwi Mowali, an interoperable common mobile phone payment platform, or the partnership established between MTN and Orange, to remit funds from France to Morocco using Orange Money.

Mobile money and digitalization

International and domestic remittances to electronic money accounts could increase the numbers of these types of accounts being activated as well as tasks related to domestic remittances and merchant payments, while increasing financial inclusion, especially for women.

- The adoption of electronic money is expected for the transition of transactions normally paid for in cash for payments made by mobile phone (merchant payments and bills, remittances and G2P payments). Financial incentives have been put in place (five-year exemption) to encourage the adoption of electronic money for merchants using an informal system and to help them overcome their reticence to be monitored through a formal system.
- According to BAM estimates, the mobile phone payment system could channel MAD 400 billion (US\$36 billion) per year.
- While 3 million portfolios were registered in the last quarter of 2020 (BAM, 2021), account activation rates remain low. Merchant buy-in is, however, considered essential to stimulate the use of these accounts.
- In addition to merchant payments, international remittances to a mobile money portfolio could be another practice, specifically for rural residents who are not served by traditional access points. Women are financially worse off and examples from other countries show they do want access to confidential, immediate instruments that allow value to be stored.

Table 2. The adoption of electronic money and financial inclusion in comparable countries

	Ghana	Senegal	Morocco
Population (millions, 2019)	30.4	16.3	36.5
Population over 15 (millions, 2019)	19.2	9.3	26.6
Value of electronic money as a percentage of the GDP (2019)	60%	35 %	n/a
Authorized agents	356,912*	191,767**	6,251****
Active agents	182,344*	86,295**	–
Registered electronic money accounts (millions)	29.6*	7.11***	3
Active registered electronic money accounts (millions)	12.7*	2.78***	–

Financial inclusion (possession of an account by the population aged 15 or older, Global Findex)

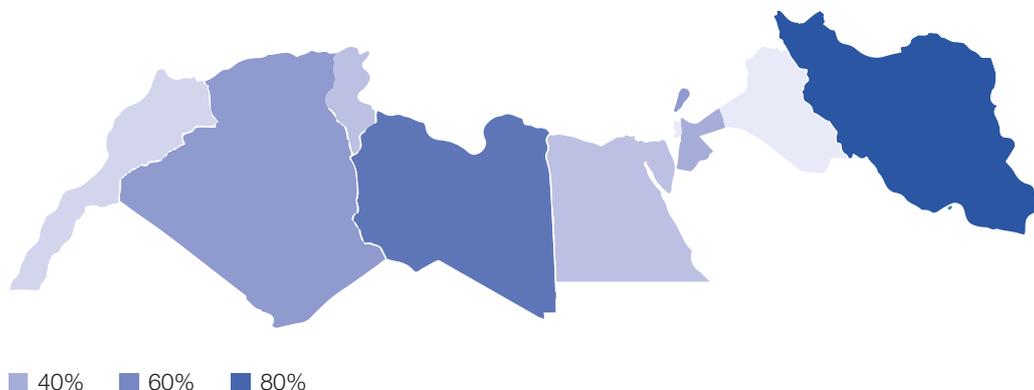
2014	41%	15%	–
2017	58%	42%	27%
Growth for 2014–2017	+17%	+27%	–

* Bank of Ghana, 2019. ** International Monetary Fund, Financial Access Survey, 2019.

*** Central Bank of West African States, 2018. **** BAM, 2021.

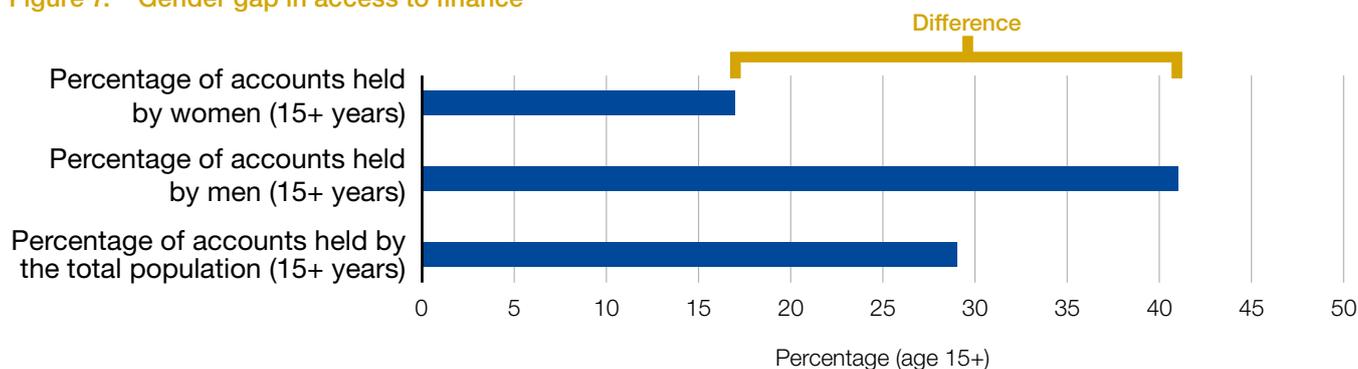
- At 28 per cent as of 2017, financial inclusion remains low in Morocco relative to other countries in the Near East as well as on a global scale.

Figure 6. Financial inclusion measured by possession of an account in the Near East



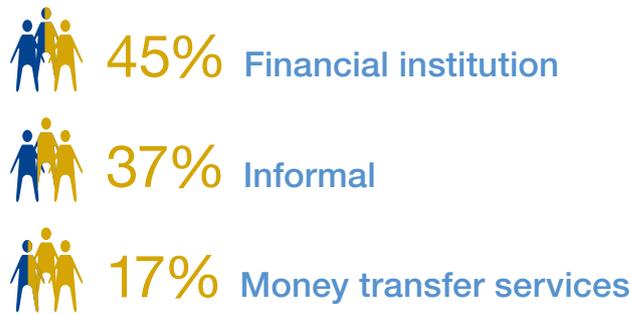
Source: Global Findex 2017.

Figure 7. Gender gap in access to finance

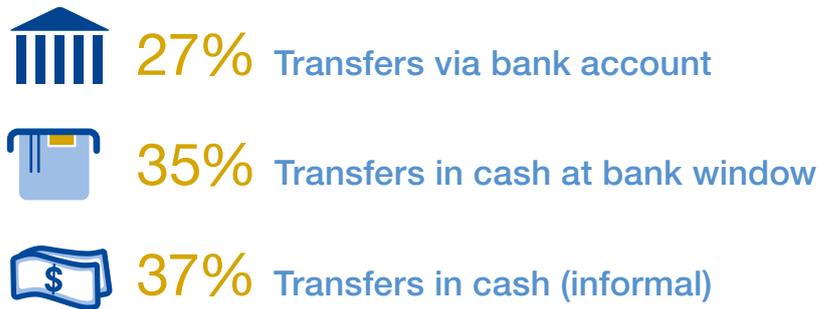


Source: Findex 2017.

- The financial access gap between men and women is particularly marked, at 24 percentage points.
- More than 50 per cent of remittance beneficiaries are women and migrant mothers represent 38 per cent of beneficiaries and their spouses more than 15 per cent (High-Commission for Planning, 2020).
- International remittances could therefore be a trigger for women’s access to funding.
- Domestic remittances mainly take place through regulated channels, even if there is a high portion of informal remittances.



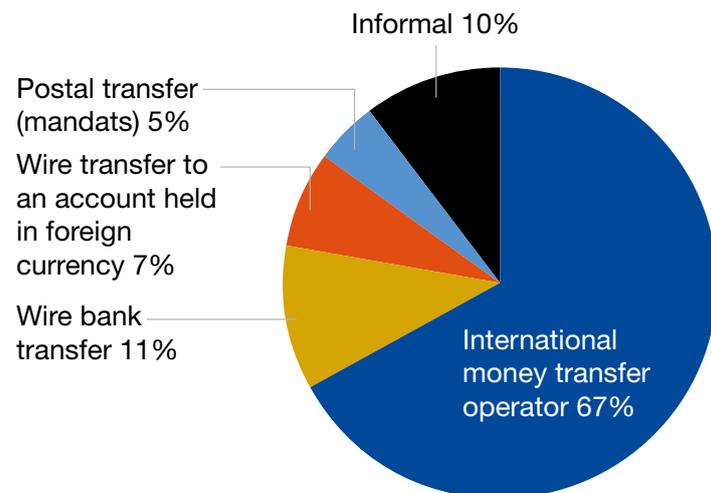
- Cash is by far the preferred instrument for remitting domestic funds, and only 27 per cent of the population uses an account to send and receive funds.



Source: Global Findex data, 2017.

- According to BAM estimates, digitalization of domestic transfers would allow the channelling of MAD 110 billion (US\$10 billion), promoting rural financial inclusion.
- International remittances are mainly sent through regulated systems and, two thirds of them are in cash.

Figure 8. Remittance transfer modalities



Source: High-Commission for Planning, 2020.

PRIORITY MEASURES

2.1. Improve dissemination of mobile money data by using indicators from the database of the survey about access to financial services by the International Monetary Fund. This survey addresses agents, accounts and the value of electronic money remittances in relation to GDP and payment accounts (by level of account), as well as the main practices that encourage adoption of mobile money (peer-to-peer [P2P] payments, G2P payments, merchant payments). Improve dissemination to track progress and ascertain elements that will trigger the adoption of electronic money.

2.2. Adopt an experimental approach for international remittances to an electronic money account, these transfers being considered catalysts to activate this type of account in rural migration areas where remittances are received from abroad, with specific attention paid to women.

2.3. Measure progress and disseminate information about interoperability between banks and payment institutions within the framework of HPS Switch solutions to attract new members, and, as a result, generate network synergy, expand the electronic payment ecosystem, increase the value sharing for all stakeholders and finally, reduce costs.

3. Regulatory environment

The regulatory environment in Morocco as related to remittances provides a clear context in which to establish cross-border partnerships and offers possibilities for promoting digital remittances.

- Banks and payment institutions are financial institutions authorized to offer payment services, including remittance services (funds transfer transactions) in compliance with the new banking (Law No. 103.12 on Credit Institutions and Similar Entities introduced in December 2014).
- Remittances, as defined in the circular on methods of executing payment services (Circular No. 7/W/16, 2016), include receiving funds in Morocco and sending funds abroad, on the condition that exchange regulations are followed. Consequently, payment institutions must open bank accounts for regulated transactions in cash with non-resident partners.
- Introduced by the new banking law of 2016, the status of payment institutions represents a major innovation in the financial sector’s regulatory environment, and provides important ways for transferring funds, specifically with regard to digitalization and financial inclusion:
 - This replaces the previous status of “remittance intermediaries”.
 - This status provides non-banking financial institutions the possibility of offering various, diverse payment accounts for basic services that represent low money laundering risk and low risk with regard to the financing of terrorism, including a duty to be vigilant on behalf of their clients. A KYC regulation is also planned at several levels – the three levels of bank payment accounts.
 - Payment institution status is accompanied by a series of directives and circulars defining the framework for release and distribution of electronic money, including regulatory requirements applicable to electronic money payment agencies.
 - Agents offering remittances can serve as intermediaries, in certain conditions, for transactions carried out by financial institutions (agency banking). This allows clients to access bank products.

Table 3. Various levels of payment accounts are subject to regulations addressing client identities

	Identification	Other documents	Remotely/in person	Maximum balance	Types of transactions
	Proof of identification				
Level 1 account	Domestic mobile telephone number	–	Both	MAD 200 (US\$22)	Small merchant payments, online payments and P2P payments
Level 2 account	National or international proof of identification	Form to open account, contract, copy of proof of identification	Both	MAD 5,000 (US\$555)	Merchant payments and online payments, P2P payments of greater value
Level 3 account	Official proof of identification	Proof of residence	In-person interview to verify identity information and establish client profile	MAD 20,000 (US\$2,220)	Merchant payments, payment acceptance, merchant-to-merchant payments, P2P payments

- A payment institution can require that agents offer payment services, and natural or legal persons can be registered as “merchants”. There are two categories of agents (article 15 of the [BAM newsletter no 6/W/16 on payment institutions](#)):
 - It is the principal agents that can exclusively offer a payment institution’s payment service.
 - Retail agents can offer services from various payment institutions through direct agreement or an agreement with their principal agents. Retail agents are limited within the context of their transactions, and can:
 - open a level 1 payment account; and
 - conduct deposit transactions and withdraw funds (cash-in, cash-out [CICO]).
- Interviews with those who have historically operated in the marketplace have shown that there are a series of obstacles impeding recruitment of retail agents to promote merchant payments, the use of electronic wallets and mobile phone payment accounts, and as a result, adoption of this channel for the payment of remittances.
- Payment institutions and their principal agents offering remittance services must possess secure points of sale (article 21), which can result in ordinary retail merchants making significant investment in such locations.
- For retail commercial agents, the requirement that they be registered in the trade register is a limiting factor, and more so in that such registration is, in practice, difficult to obtain, and could be replaced by a requirement to possess proof of identification and proof of payment of professional taxes, which is common for retailers.
- For retailers who would like to be able to accept payments, the maximum account balance is MAD 20,000 (US\$2,200). This low amount means that retail agents must withdraw money from their payment accounts frequently to avoid reaching the maximum. This is specifically the case for those who make microcredit disbursements for microfinance institution accounts and carry out international remittances (this is the equivalent threshold for payment or cash-outs for, on average, 10 international remittances). Furthermore, certain international remittances include investments or payments for goods for which the amount immediately reaches the threshold.

The status of retail agents at payment institutions could be further optimized to encourage use of mobile phone payment accounts and become a new channel for international remittances.

Compliance and control over FSPs

Among MTOs, the level of compliance with international AML/CFT standards is high, and the new electronic national identification card makes it possible to streamline the integration process and encourages access to low-risk accounts.

- The Group for Financial Action in the Middle East and North Africa's joint assessment (2018) shows that banks and payment institutions have a good understanding of money laundering risks and those related to the financing of terrorism and that they apply efficient measures that are proportional to the degree of risk.
- The banks and payment institutions are monitored and controlled by the BAM in relation to AML/CFT law no. 43-05 on the fight against laundering assets). payment institutions are required to ensure that their agents respect relevant rules, even if it is not specified that agents must participate in a programme against money laundering and the financing of terrorism.
- The maximum amount authorized per remittance transaction is capped at MAD 80,000 (US\$7,200).
- Rules about consumer protection set forth in banking law and applied to payment institutions who provide remittance services are clearly noted in BAM Circular No. 6/W/16, which specifies:
 - information on the cost and conditions of payment services, including remittances, which must be divulged at payment institution locations and by agents (article 23);
 - complaint procedures (article 24); and
 - conditions for recourse to dispute resolution mediation (article 26).
- A new electronic national identity card has been issued and is based on biometric authentication. It will allow digital identification to be centralized in a unique register accessible online. Currently, the total adult population without proof of identification (unregistered birth or not on voter lists) is estimated to be less than 20 per cent (Identification for Development initiative, 2018).
- In comparison, the number of mobile phone SIM card subscriptions eligible for level 1 payment accounts is greater than 43 million (when counting double SIM card subscriber accounts) at the end of 2019, which represents a penetration rate of 130 per cent. Since 2014, the National Telecommunications Regulatory Agency has required that proof of identity be provided to activate a SIM card.

PRIORITY MEASURES

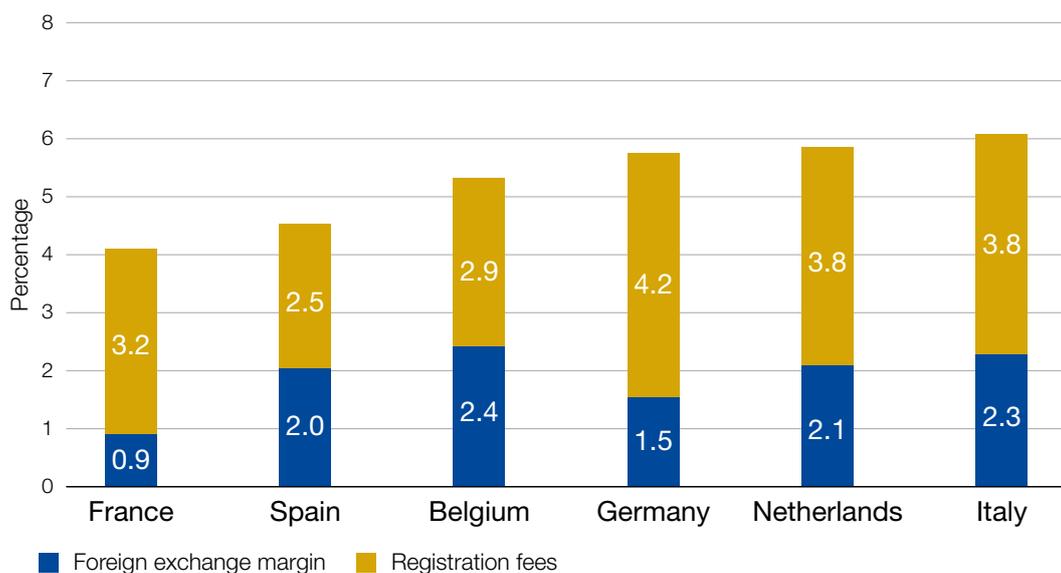
3.1. Learn from the COVID-19 pandemic response regarding remote client identification processes for payment accounts and opportunities to lower fees in proportion to risk.

3.2. Conduct a survey on offerings and demand to identify the main obstacles, from the client point of view and that of the service providers, including eventual regulatory challenges, to promote the opening of payment accounts, recruiting retail agents and using mobile money. Integrate input from recent surveys conducted by the BAM in Morocco (Payment Diary) and merchants.

4. Remittance market structure – sending

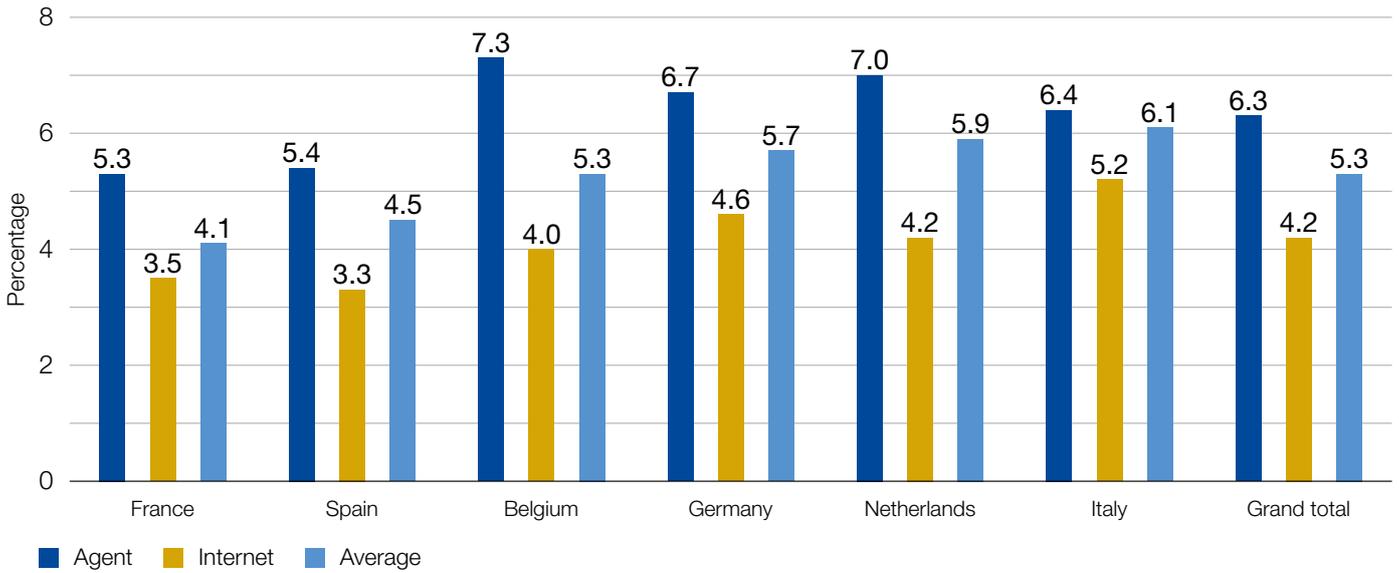
- The cost of remitting funds to Morocco equals on average 5.3 per cent of the amount being sent, which corresponds to the weighted global average. However, there is a certain margin for manoeuvring using the online channel that exists for further reduction, towards achieving SDG 10.c, which targets bringing costs to under 3 per cent.
- Average costs are competitive and lower than 5 per cent of the amount sent for France and Spain, and between 5 and 6 per cent for Belgium, Germany, the Netherlands and Italy.
- Exchange margins are lower in France (0.9 per cent) and in Germany (1.5 per cent) and are around 2 per cent in other countries, while Italy and Belgium have the highest exchange margins at 2.28 per cent and 2.42 per cent, respectively.
- Sending funds via an intermediary agent is an average of 2 per cent less expensive than sending by Internet; Belgium and the Netherlands have the largest gap, and Italy the lowest.

Figure 9. Average cost and cost structure to send the equivalent of US\$200 to Morocco



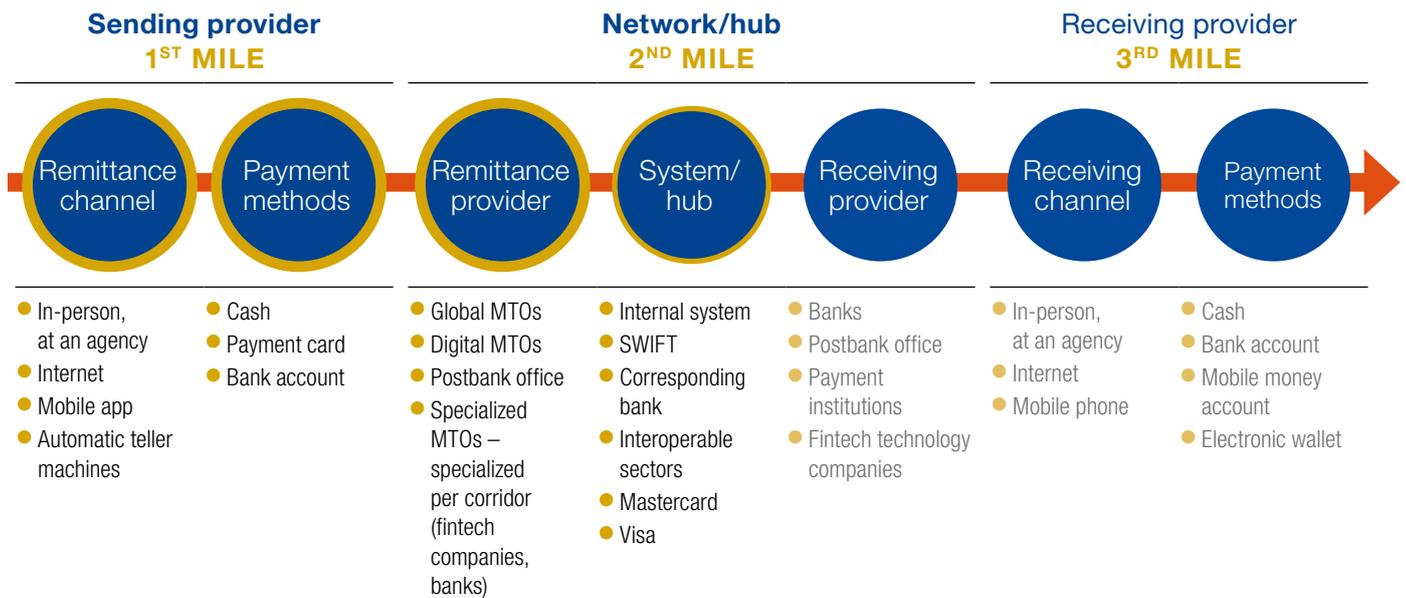
Source: RPW (Q2 2020).

Figure 10. Costs per agent/cash and online channels



Source: Remittance Prices Worldwide (World trend in the price of remittances), second quarter 2020.

Figure 11. The remittance value chain in Morocco: overview of the upstream corridor competition, sending side



The Moroccan remittance market is largely cash-based, and Moroccan savings residing abroad are mainly funnelled through banking channels.

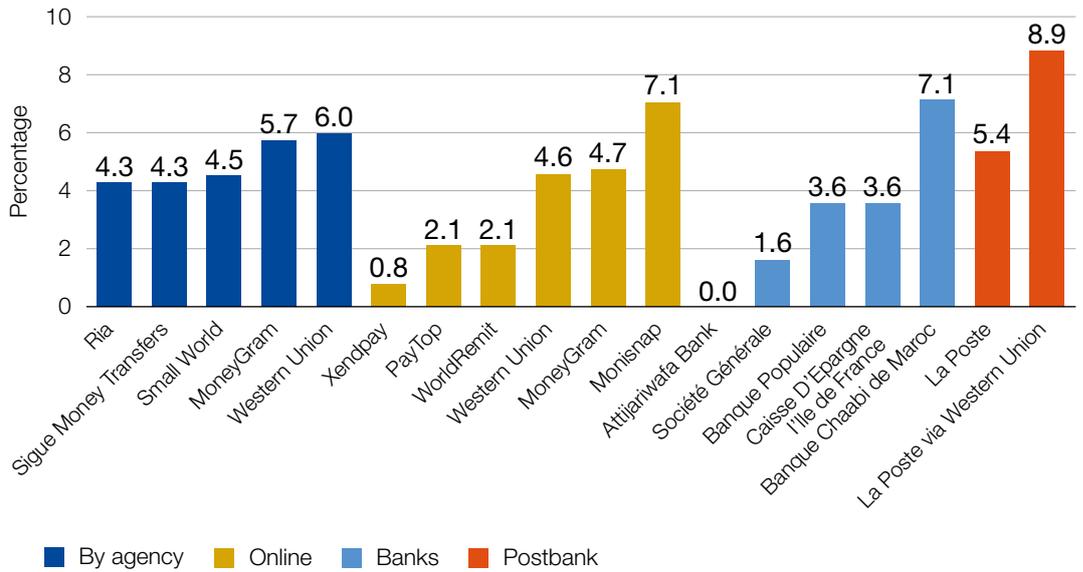
Figure 12. Money transfer operators active in the Moroccan remittances market

International MTOs	Digital MTOs	Digital MTOs specialized per corridor
<ul style="list-style-type: none"> – The large international MTOs (Western Union, MoneyGram and Ria), which have a tendency to focus on traditional cash-based services are present in all EU countries. – They have competitors in each corridor from online MTOs or those that specialize in Moroccan corridors, and this results in them applying very competitive fee schedules to attract new clients or retain existing ones, as is the case for cash and digital channels as well, however, they maintain relatively high costs when competition is weaker. 	<ul style="list-style-type: none"> – The significant size of the corridors between the EU and Morocco attracts a large number of online MTOs like WorldRemit, TransferWise, Azimo and Remitly, which generates strong competition and reduces costs when compared to cash transfers. – Restricted circulation due to the COVID-19 pandemic has encouraged historic market operators to engage in online money transfers, which has resulted in more competitive costs. 	<ul style="list-style-type: none"> – Present in the major EU countries Moroccan banks Chaabi, Attijariwafa Bank and Bank of Africa (subsidiary of Banque Maroccoaine du Commerce Extérieur) offer service packages, including low-cost transactional accounts. In France, the Netherlands, Italy and Spain, domestic retail banks also target the Moroccan diaspora by offering binational accounts.  <ul style="list-style-type: none"> – There are few other corridor specialists among fintech companies (except in France with Monisnap and Orange Money, which recently entered the market) or among historic MTOs like MoneyTrans in Belgium, Spain, the Netherlands and France.

Figure 13. Money transfer methods to Morocco from France

France Pricing to send remittances to Morocco from France: 4.1% average cost

By agency	Online	Banks	- Banque Postale
5.3	3.5		
<ul style="list-style-type: none"> - The leading international MTOs are in competition and apply a cost range that is reasonably competitive, between 4.3 per cent (Ria) and 6 per cent (Western Union) of the amount sent. 	<ul style="list-style-type: none"> - The online channel is, on average, almost 2 per cent less expensive than the agent channel. - International MTOs offer online fees that are slightly less expensive than cash, while some financial technology companies like XendPay and PayTop play the role of market disruptor and offer particularly low fees. 	<ul style="list-style-type: none"> - Moroccan banks offer free (or almost free) transfers as part of their grouped bank services. By comparison, French banks with Moroccan subsidiaries, such as Société Générale, have a competitive advantage in terms of their network, but the Moroccan diaspora in France is not able to benefit from it. 	<ul style="list-style-type: none"> - The Banque Postale offers international express money orders and Western Union services, in cash or online, but at a higher cost than via the online portal or Western Union points of sale.



Sources : RPW (Q1 2020, mystery shopping May 2020, RMDA customer survey May 2020).

Figure 14. Money transfer methods to Morocco from Germany

 **Germany** Pricing to send remittances to Morocco from Germany: 5.7% average cost

By agency	Online	Banks	Deutsche Post
6.7	4.7		
<ul style="list-style-type: none"> – The leading international MTOs' costs range from 5 per cent (Ria) to 8 per cent (Western Union) of the amount sent. 	<ul style="list-style-type: none"> – The online channel is, on average, 2 per cent less expensive than the agent channel. – International MTOs are in competition with online international money transfer operators like Remitty and Azimo and offer fees lower than 4.5 per cent of the amount sent. 	<ul style="list-style-type: none"> – Moroccan banks are represented by several companies. – Banque Chaabi (Banque Populaire) has offices in Frankfurt, Cologne, Dortmund and Düsseldorf. – Bank of Africa (subsidiary of Banque Maroccoaine du Commerce Extérieur) is not physically present in Germany but offers transfers to Moroccan accounts or via the intermediary of Ria (in cash) or the online bank from a Germany account, by the intermediary of its subsidiary, a credit entity located in Europe. In Morocco, up to five debit cards can be assigned to a Bank of Africa account. Attijariwafa Bank has branch offices in Düsseldorf and Frankfurt. 	<ul style="list-style-type: none"> – The postbank offers its clients the ability to receive transfers initiated in cash or online by debiting an account. Western Union services in postbank offices have unfavourable pricing compared to Western Union's own service agents.

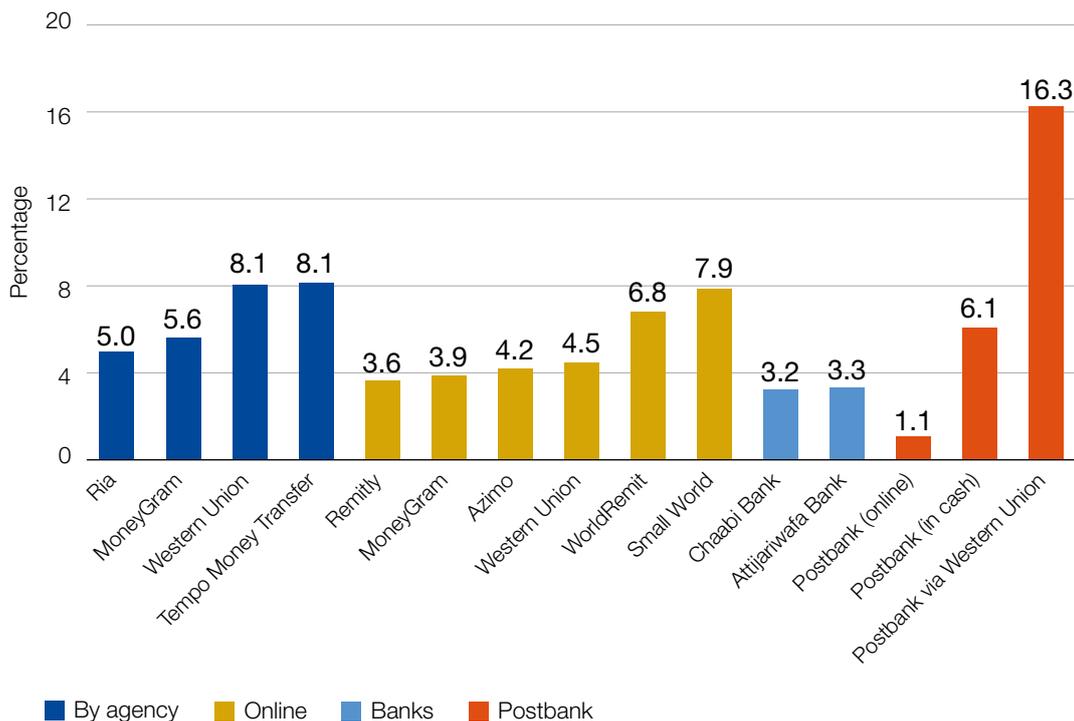
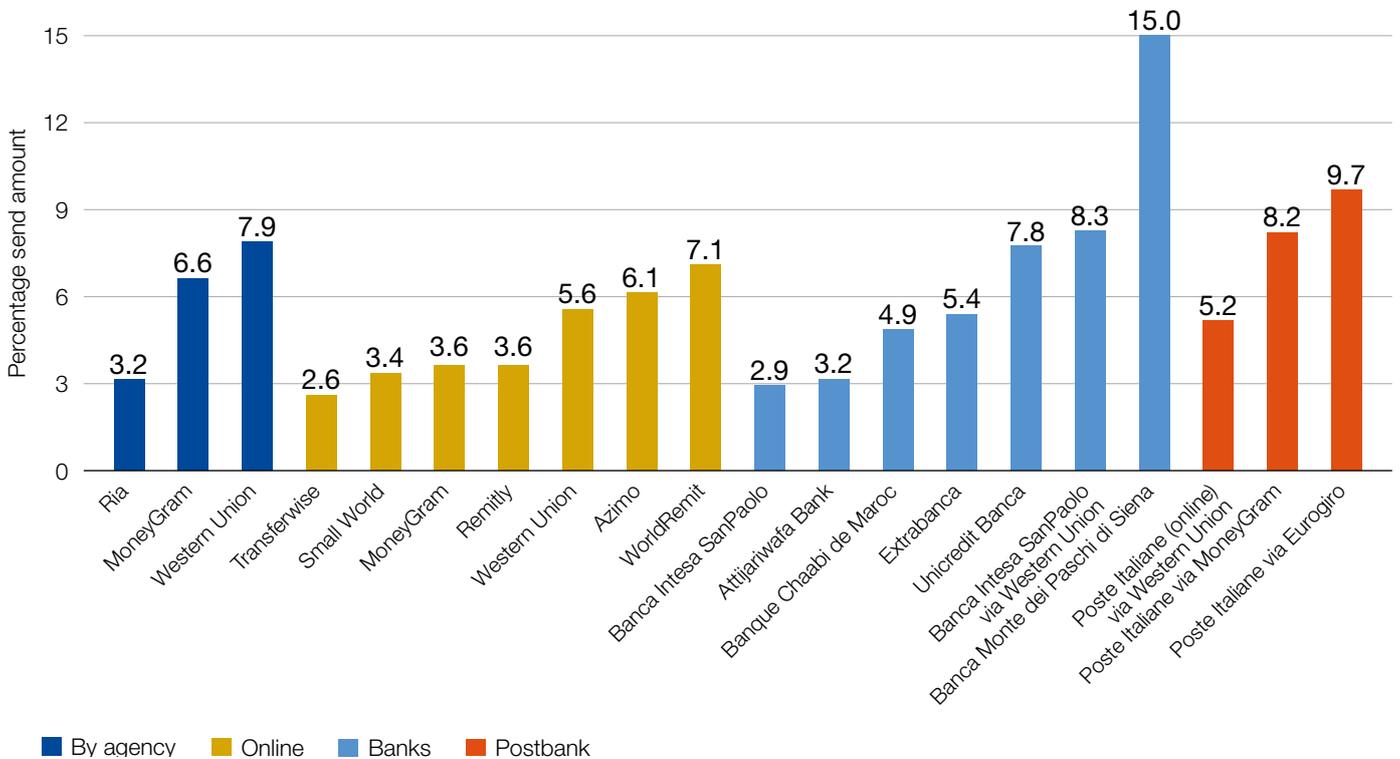


Figure 15. Money transfer methods to Morocco from Italy

Italy Pricing to send remittances to Morocco from Italy: 6.1% average cost

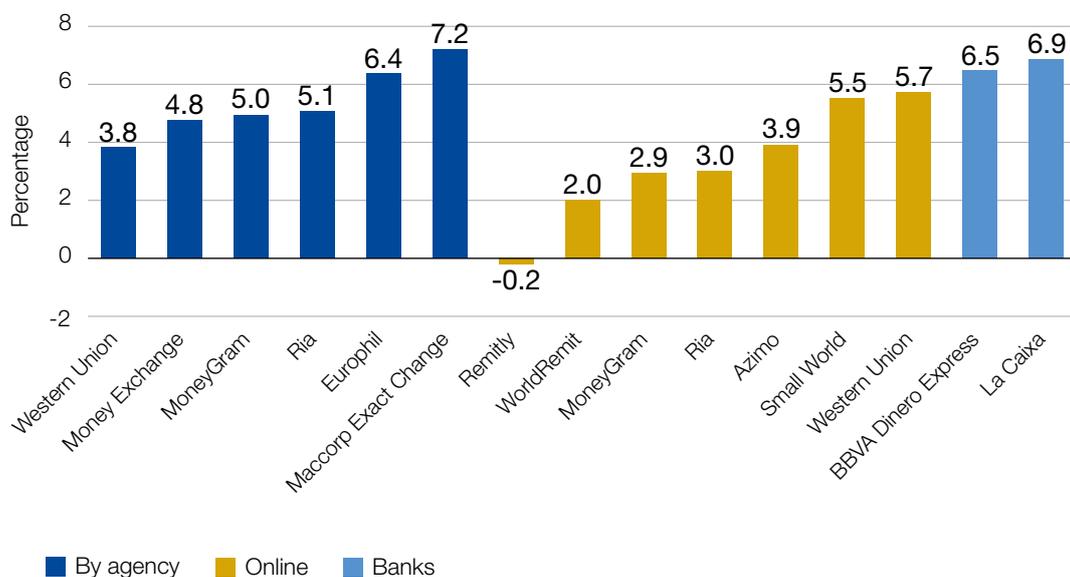
By agency	Online	Banks	Poste Italiane
6.4	3.4		
<ul style="list-style-type: none"> Agents offering immediate products in cash are the most frequently used channel. Leading international MTOs are key actors in this segment and charge noticeably high costs for a significant corridor, with the exception of Ria that offers noticeably low costs. 	<ul style="list-style-type: none"> The online channel is only, on average, 1.2 per cent less expensive than the agent channel, even if certain online MTOs display low costs and push the international MTOs, such as MoneyGram, to lower their prices to be competitive. 	<ul style="list-style-type: none"> Certain Italian banks are in competition with Moroccan banks represented in Italy, which offer low-cost account-to-account remittance products. Extrabanca specializes in the diaspora and offers remittances at competitive prices as well as bank products and insurance in Italy. 	<ul style="list-style-type: none"> The Italian post office (Poste Italiane), using its extensive network, offers diverse remittance services. While the cost of online services is competitive, those for cash-based transfers are not. Moroccan migrants favour the postbank as a deposit institution.



Source: RPW Q1 2020.

Figure 16. Money transfer methods to Morocco from Spain

Spain		
Pricing to send remittances to Morocco from Spain: 4.5% average cost		
By agency	Online	Banks
5.4	3.3	
<ul style="list-style-type: none"> - Sending cash by agent intermediaries is not as onerous as it is in other EU corridors due to international MTOs being subject to competition from other MTOs working in cash. 	<ul style="list-style-type: none"> - Competition is strong between MTOs offering online services and fintech companies applying lower prices than the leading international MTOs for cash-based products. - In addition, certain international money transfer operators provide online offerings that are lower than the set range, at only 3 per cent of the amount sent. 	<ul style="list-style-type: none"> - Conventional Spanish banks like Banca Para Personas y Empresas (BBVA) and La Caixa offer Moroccan migrants account transfers at a relatively reasonable cost.

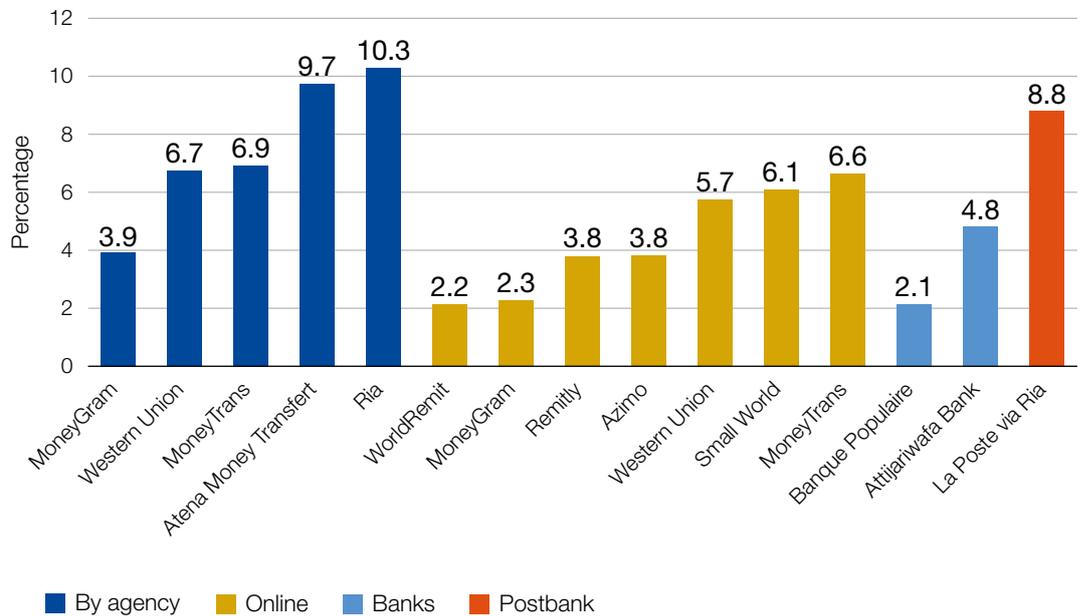


Source: Mystery shopping 27 May 2020.

Figure 17. Money transfer methods to Morocco from Belgium

 **Belgium** Pricing to send remittances to Morocco from Belgium: 5.3% average cost

By agency	Online	Banks	Bpost
7.3	4.0		
<ul style="list-style-type: none"> – Agents offering immediate products in cash are the most frequently used channel. – Among international MTOs, only MoneyGram's offer is competitive, while Western Union benefits from its name recognition and Ria applies high fees. 	<ul style="list-style-type: none"> – The online channel is, on average, 3.3 per cent less expensive than the agent channel. – Well-established online MTOs and the leading international MTOs compete and apply very competitive rates, in particular, MoneyGram and WorldRemit. 	<ul style="list-style-type: none"> – Moroccan banks, that have a handful of branches in most of Belgium's largest cities, offer low-cost account-to-account transfer products and bank products linked to the country of origin. 	<ul style="list-style-type: none"> – Ria Transfer is the only product available within the Belgian Post Group (Bpost). It was launched in February 2020 and is available at 600 points of access.

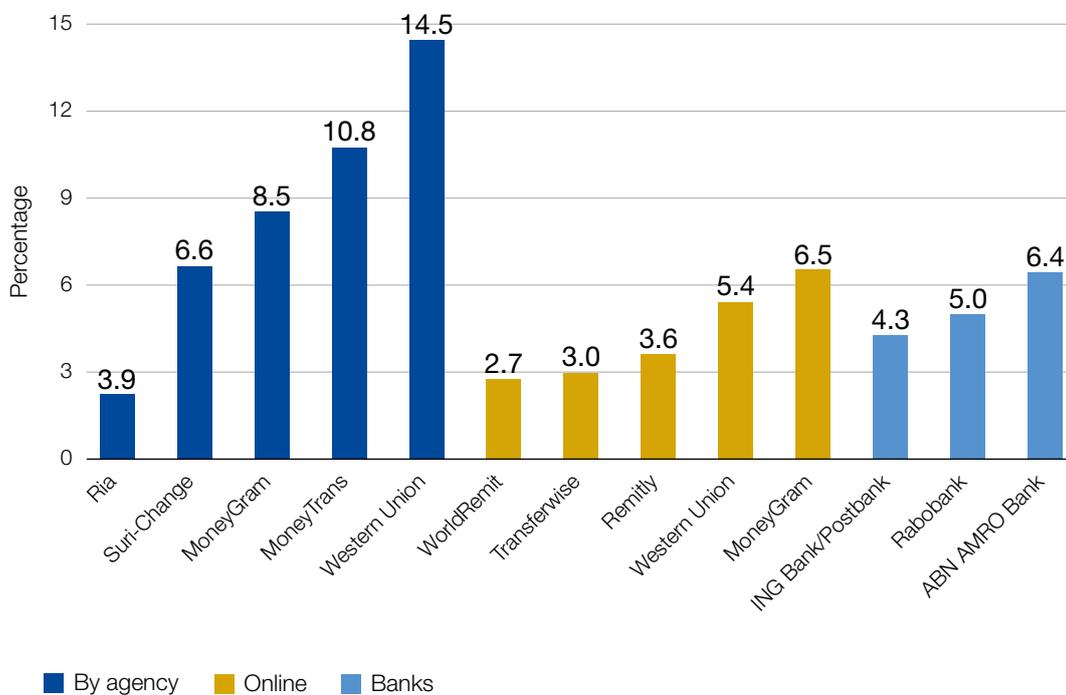


Sources : RPW (Q1 2020, mystery shopping May 2020, RMDA customer survey May 2020).

Figure 18. Money transfer methods to Morocco from the Netherlands

The Netherlands Pricing to send remittances to Morocco from the Netherlands : 5.9% average cost

By agency	Online	Banks
7.0	4.2	
<ul style="list-style-type: none"> – Despite the existence of cash transfer companies, international MTOs display high costs to remit funds to Morocco; Western Union’s fee is more than 14 per cent of the amount sent. – Sending money in cash through an intermediary agent is relatively expensive when compared to other EU corridors with, on average, costs greater than 7 per cent of the amount sent. 	<ul style="list-style-type: none"> – Online remittances are by far less costly than sending cash (3 per cent less, on average). – Online MTOs offer competitive pricing, while international MTOs lag behind with prices that are moderately competitive. 	<ul style="list-style-type: none"> – Traditional Dutch banks like ING, Rabobank and ABN AMRO offer reasonably priced account-to-account transfers.



Source:

Money transfer companies are the main providers of remittance services to Morocco and present possibilities to encourage digitalization, reduce cost and increase financial inclusion.

Table 4. Remittance corridors and potential measures

	Remittance corridor						Potential measures	
	France	Italy	Spain	Belgium	Germany	Netherlands	Cost reduction	Financial inclusion
International MTOs	Western Union – Money Gram – RIA – Small World						Actions on the demand side to support the transition of clients to using digital means to send money and encourage the use of transactional accounts.	
Digital MTOs	World Remit – Azimo – TransferWise – Remitty							
	Orange Money, PayTop, XendPay						Attract new clients and adopt competitive digital products using marketing approaches specific to the diaspora.	At both ends of the corridor, fine tune digital financial products linked to the transfer of funds (insurance, savings, other value-added services).
Digital MTOs specialized per corridor	Attijariwafa bank, Banque Chaabi, Société Générale	Attijariwafa bank, Banque Chaabi, Italian banks	Europhil, Banca Para Personas y Empresas, La Caixa	Attijariwafa bank, Banque Chaabi	Attijariwafa bank, Banque Chaabi	ING, Rabobank	Improve product offerings targeted to the diaspora, linked to low-cost account remittances and awareness raising campaigns.	
	Al Barid Bank postbank	Poste Italiane		Belgian Post Group	Deutsche Postbank			For postal networks, conclude more partnership agreements to promote the use of country-of-origin post office location savings account.

PRIORITY MEASURES

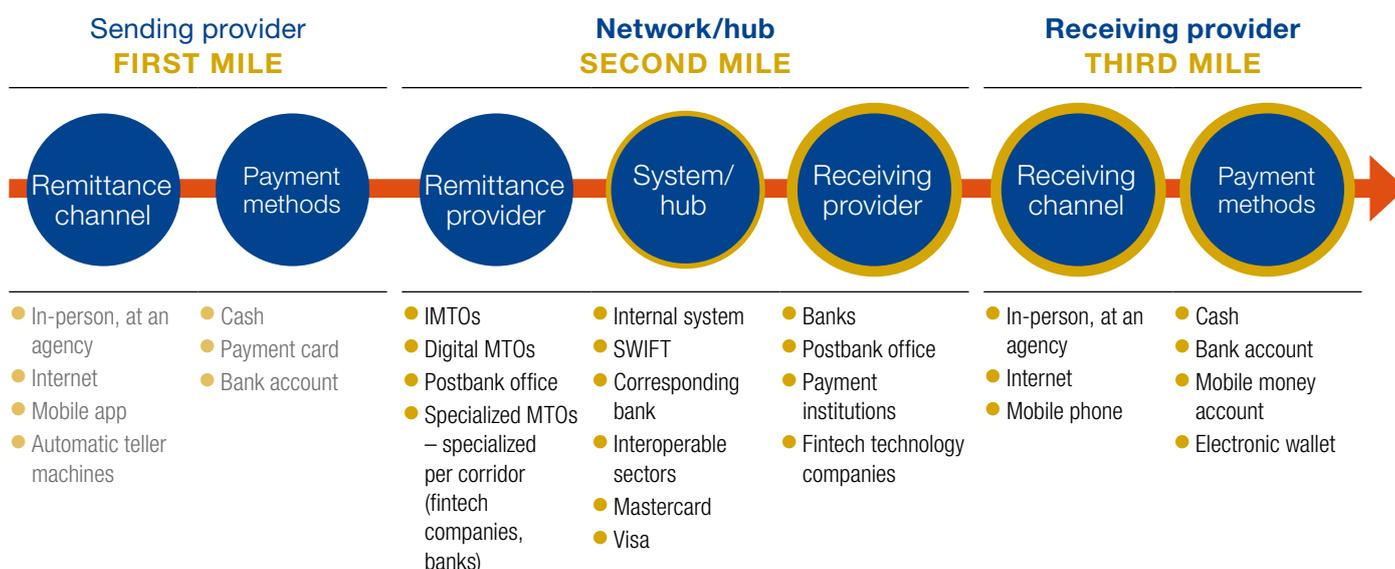
4.1. Conduct Moroccan diaspora client surveys in respective host countries to evaluate behavioural changes related to transitioning from sending cash to online channels and take measures that can support and accelerate these changes over time.

4.2. Promote among migrants the use of online bank channels and those that are lower cost, through educational campaigns and training on the structure of costs and client protection, to support the transition of using cash to the use of digital channels, specifically using the Greenback project launched by the BAM in collaboration with the World Bank.

5. Remittance market structure – receiving

For decades, international remittances were made through intermediary bank agencies and aggregator networks in cash – owned by banks or independents – who have large coverage within the country. The recent growth in the number of retail agents offering prepaid cards and mobile phone payment services could lead to an even larger payment network able to reach areas and populations that are still poorly serviced.

Figure 19. The remittance value chain in Morocco: focus on the receiving end



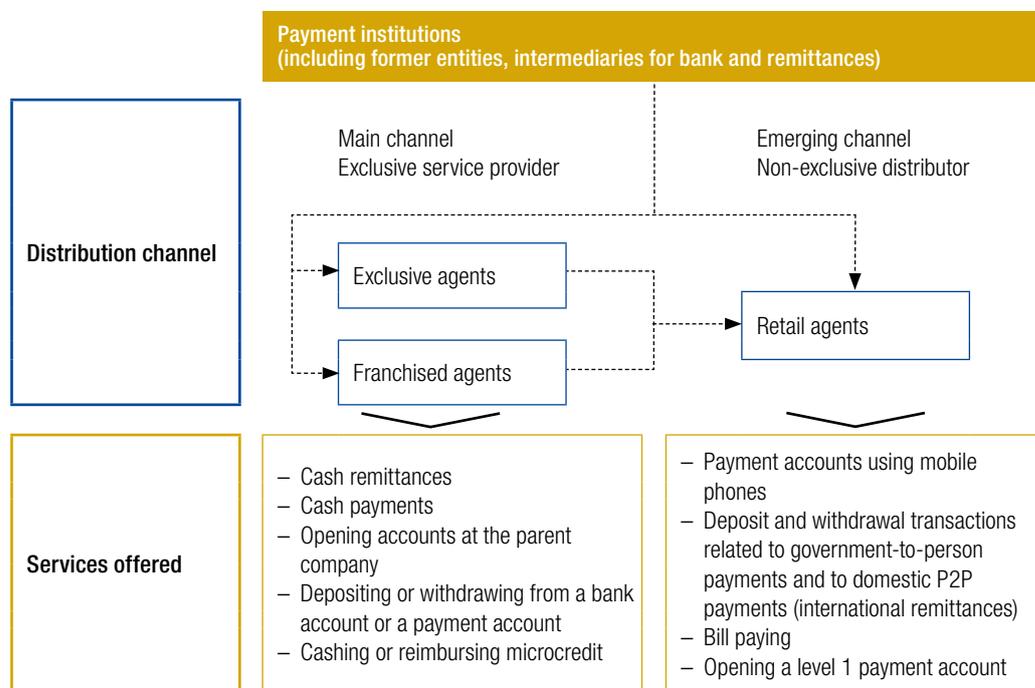
The historical payment networks managed by bank networks and aggregators are supplemented by retail agents for payment institutions, which are rapidly growing and are more decentralized. However, these offer a limited range of digital payment services.

- Banks as well as payment institutions and their respective agents make up the payment network.
- Retail banks partner with MTOs and also offer account-based money transfers (with options to use cash) by intermediaries in their agency networks.
- Banks (including post offices) had begun establishing partnerships with MTOs in the 1990s (the Germany company AWFB was a pioneer in doing so, partnering with Western Union in 1995).
- These entities were followed by new independent actors who developed their own agency network, offering longer opening hours and acting as authorized intermediaries for remittance activity (licence introduced by the BAM in 2007). These entities are regrouping together more and more companies offering international remittances in cash and domestic payment services.
- In addition to their agency channel offerings, banks also have put in place exclusive subsidiaries, intermediaries for bank transactions, within the context of a strategy to downscale. This consists of offering international cash remittances, low-cost deposit

accounts and payment services to reach the members of the population who do not have bank accounts, using a more decentralized network.

- The new bank law that took effect in 2016 accelerated expansion of the non-bank payment networks and encouraged remittance intermediaries to become payment institutions. The law also created a new category of agents – retail agents who are not payment service providers for one single company.
- The goal of retail agents is to expand the existing payment networks and the aggregators networks currently working in isolation, to reach poorly served areas and populations, offering lower costs and more flexibility. This is made possible through prepayment agreements with payment institutions and mobile money companies.
- Until now, services offered through retail remain limited in availability and to domestic payments.

Table 5. Payment institution distribution channels via agents and related payment services



- Authorized payment institutions can be classified into three categories: bank subsidiaries, subsidiaries of telecom companies and independent companies. Payment institutions owned by the banks and leading independent payment institutions initially focused their services on cash payments (including remittances) within their own networks. They consider retail agents and payment accounts to be an opportunity to promote merchant payments, to expand domestic payment offerings, and possibly a way to expand existing network coverage to receive international remittances. Agents tend to prefer developing a complete online payment package, including end-to-end international digital money transfers, using this to build their client base and their network.

- Despite the rapid growth in the number of retail agents, technological advances and partnerships established, none of the payment institutions have really begun to offer international transfer services via mobile phone payment. Sending remittances to a mobile money account is new to migrants, and the mobile money ecosystem (and its adoption by merchants, agents, service providers, etc.) is quite recent. Market actors think it is possible to encourage current payment account users to receive cross-border remittances, specifically if remittance services are combined with other payment services using mobile phones or government-to-person payments.

Table 6. International money transfer brands offered by the payment institutions (sample based on payment institutions surveyed for the diagnostic)

Payment institution name	Type/Parent company	Starting date	Access points	Remittance brands distributed												
				Western Union	MoneyGram	Ria	MoneyTrans	Dirham Express	Eurogiro	Instant Cash	SmallWorld	Azimo	Yalla Xash	Paytop	World Remit	Orange Money
Cash Plus SA	Independent	Since 2004, aggressive network development since 2010s	2,100	X	X	X	X				X				X	
Wafacash	Bank subsidiary (AWFB)	Since 2003 for in-cash remittances	2,000	X	X	X	X				X	X		X		
Barid Cash	Postbank subsidiary (Al Barid Bank)	Created in 2014, operations went live in 2018	900	X	X			X	X	X					X	
Chaabi CASH	Bank subsidiary (Banque Populaire)	Owned by M2T and BP, licensed in 2019	538	X	X	X										
DAMANE Cash	Bank subsidiary (BMCE-BOA)	Since 2007, bought by BMCE in 2014, licensed in 2019	420	X	X	X	X						X			
Orange Money	Telecom operator subsidiary	2019	400													X
inwi	Telecom operator subsidiary	2019	1,100												X	

X In-cash remittances **X** Remittances received into mobile payment accounts

Despite good network coverage within the country, 11 per cent of the population still lives within more than 10 km from a point of access to money transfer services and only 25 per cent of rural municipalities have an access point.

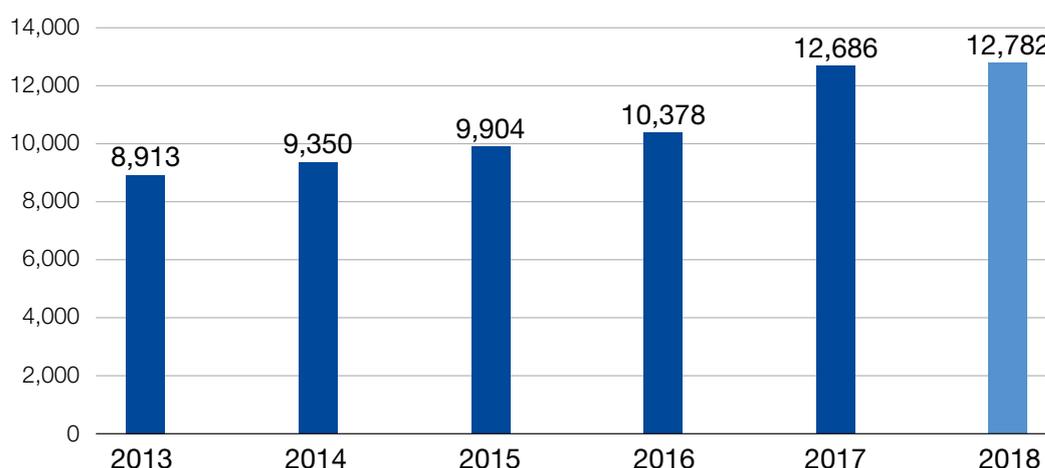
In past years, the access point network has been dominated by bank transaction intermediaries. More recently, payment institution agents have strengthened the network by offering international in-cash remittance services as well as domestic remittances and payments.

- Remittance access points remain concentrated in the most populated urban areas and along primary and secondary roads. **Only 25 per cent of rural municipalities have a financial services access point** (BAM, 2019).
- In numerous regions, access points are too far to be accessible on foot for remittance beneficiaries: **4.1 million individuals are more than 10 km from a remittance access point.**
- The World Data Lab and IFAD calculated this using an algorithm that accounts for the existence of access points providing services offered by the leading international remittance company in Morocco (Western Union), population density and distance from a radius of 1 km and more.

Table 7. Distribution of access points by category

	2013	2014	2015	2016	2017	2018
Bank branches	5,711	5,946	6,158	6,284	6,383	6,475
Intermediaries in banking transactions	1,508	1,705	1,852	2,087	2,250	2,298
Payment institutions	1,630	1,611	1,565	1,763	3,746	3,746
ATM CICO	64	88	329	244	307	263
Access points	8,913	9,350	9,904	10,378	12,686	12,782

Figure 20. Change in financial services access points



PRIORITY MEASURES

4.3. Promote the use of electronic money accounts to remit funds as proposed by payment institutions.

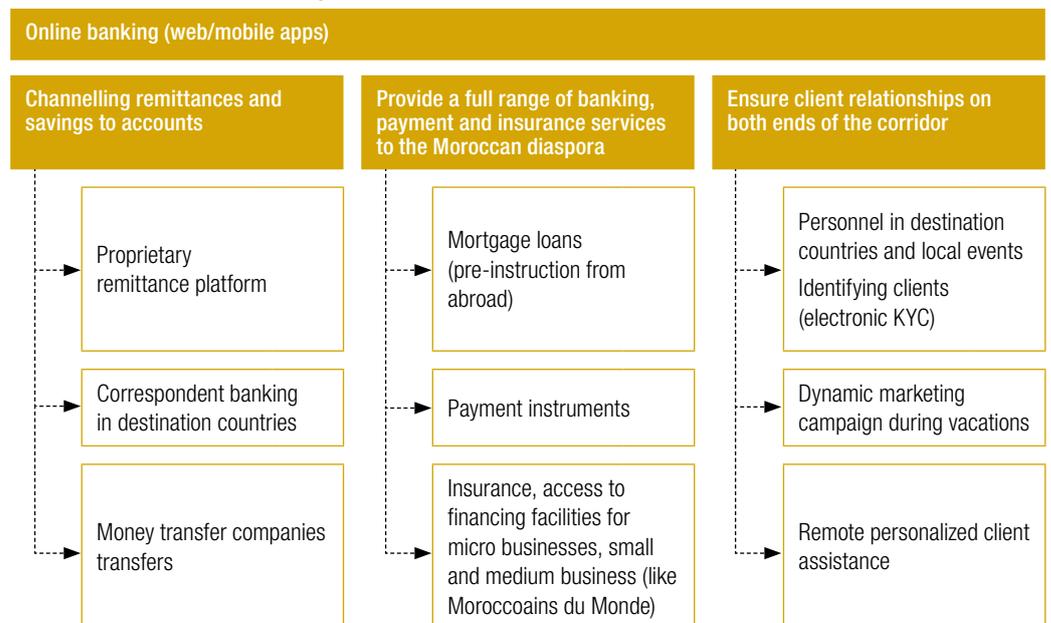
4.4. Develop and require reports with geolocating of access points per type of institution (banks, cash payment agents or multichannel aggregators, mobile phone payment agents, retail agents, microfinance institutions, etc.) and conduct quarterly updates on national coverage to visualize and monitor areas where remittance services are accessible and where they can be combined with other financial services and payments, with a view towards increasing financial inclusion.

6. Financial services for remittance users

Moroccan banks offer a full range of services to the diaspora and provide them with greater ease due to digital channels and a direct presence in destination countries. However, the complete set of financial services required to meet all migrant needs are dispersed between numerous service providers..

- Most Moroccan banks have fine-tuned services for the diaspora, the result of a long strategy of educating migrants abroad on banking services.
- In 2019, deposits into Moroccan banks by Moroccans living abroad represented 20 per cent of total deposits, or MADS 185 billion (US\$20.35 billion) – three times the equivalent of a year of remittances. Fixed-term deposits represent MAD 57.4 billion, which is 31 per cent of the diaspora’s savings (BAM, 2020).
- The main banks involved are Banque Chaabi (or Banque Populaire), Attijariwafa Bank and Bank of Africa (subsidiary of the Banque Maroccoaine du Commerce Extérieur), which have authorized subsidiaries in the EU.
- Certain retail banks in the host countries also apply a strategy targeted at the diaspora offering banking services that respond to the financial needs of the host country and the country of origin using the remittance facilities of various Moroccan banks.
- If the package of products responds well to migrants’ needs in relation to their country of origin, financial education is needed to help them define their financial objects and manage their money in both the host country and country of origin and to inform them of accessible financial services and the service providers offering them.

Figure 21. Elements included in the range of banking services targeted at the Moroccan diaspora



Models for scaling and inclusive partnerships between banks, microfinancing institutions and payment institutions could make it possible to respond to the profiles of beneficiaries transferring funds and to move towards initiatives offering business financial education by the Moroccan Foundation for Financial Education. These profiles would significantly benefit from a strategy targeted specifically at this sub-group of the population.

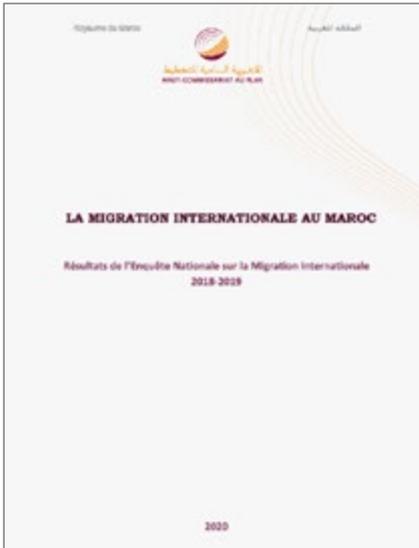
- Various models can be used to bring value to the clients receiving funds. The combination of the proximity of services and efficient gateways that allow for the graduated model of remittance beneficiaries towards classic banking services and microcredit services proposed by microcredit associations:

Table 8. Financial service providers for the Moroccan diaspora

	<p>Barid Cash agents provide around 1,000 additional access points to the Al Barid Bank network of 1,900 access points. Barid Cash is both an intermediary for Al Barid Bank transactions and a payment institution. This means that a client carrying out a remittance transaction at a Barid Cash agency can:</p> <ul style="list-style-type: none"> – receive international and domestic funds in cash; – open a payment account or a full Al Barid Bank account; – conduct deposit transactions and withdraw funds towards or from a payment account; and – prequalify themselves or fill out forms to access Al Barid Bank products, such as a checking account or a savings account, consumer loans, home loans, or agricultural loans in partnership with Crédit Agricole. <p>Remotely, by using their mobile phone and Barid Pay's mobile app, remittance clients can conduct payments, transfer money from one account to another, transfer money domestically and verify account balances 24 hours a day, 7 days a week.</p>
	<p>The Attijariwafa group has developed internal synergies with Wafacash and external partners to provide financial services to the members of the population who do not have a bank account.</p> <p>Wafacash agent clients can:</p> <ul style="list-style-type: none"> – receive international and domestic funds in cash; – open a low-fee account (Hissab Bikhir); – open a payment account; – conduct deposit transactions and withdraw funds to, or from, a payment account; and – prequalify themselves for consumer loans at the Wafasalaf subsidiary group, or for micro loans through Al Amana, the microfinance institution. <p>Remotely, by using their mobile phone and JIBY's mobile app, clients can make payments, transfer money from one account to another, transfer money domestically and verify account balances 24 hours a day, 7 days a week.</p>

- The **Moroccan Foundation for Financial Education** is a key and legitimate player in financial inclusion in Morocco. It has undertaken a series of multi-faceted awareness-raising and financial educational campaigns targeting groups considered to be the most vulnerable, such as women, agricultural workers and youth. In terms of training activities, 600 trainers were trained, and 90,000 individuals have benefited from financial education training. However, remittance beneficiaries were not specifically targeted, even if a module for migrants exists that was developed in collaboration with the International Labour Organization.

Establishing remittance beneficiary profiles and quantifying each funds transfer client sub-group would help the private sector customize financial offerings and help the Moroccan Foundation for Financial Education to adapt key financial education messages for this sub-group of the population. This could be accomplished by specifically using information from the High-Commission for Planning's annual study and the Greenback project's qualitative analysis.



- Data gathered by the High-Commission for Planning (2018–2019 survey on international migration), using a sample of 15,000 households, composed of households with a migrant (54 per cent), with a returned migrant (27 per cent) and no migrant (19 per cent), are particularly useful and representative. The survey addresses the following elements regarding remittances:
 - characteristics of remittances: the likelihood of sending funds, annual amount sent, frequency and channels used;
 - definition of beneficiary profiles: use of remittances, relationship between the sender and the head of family; and
 - likelihood of investing and sectors in which migrants invest.
- However, more information is required to assist financial service providers offering money transfers so that they can offer commercial solutions to beneficiaries:
 - Highlight how migrant households and non-migrant households' financial behaviours differ, specifically as related to the possession and use of accounts and the likelihood of saving and borrowing money, formally or informally.
 - Develop more in-depth beneficiary profiles by taking gender into account as well as differentiating between urban and rural areas: what is the economic status of the various beneficiaries? How do remittances support active households, directly (by improving their cash flow) or indirectly (by strengthening resilience when faced with financial challenges)? How many rural households and how many urban households receive remittances?
 - Investments by migrants: what are the main sources of funding for migrants? What role have family members played? What non-financial support is the most needed?
 - Financial knowledge and decisions about allocation of remittances between the migrant and/or the beneficiaries.
 - Quantification of sub-groups that have similar financial needs that can be satisfied by existing products by adapting the margins or developing new products.

- Quantitative research that is client-centred will also help the Moroccan Foundation for Financial Education adapt financial education modules, messages and strategies to raise awareness and to comply with best practices for migrant households. Specifically, financial education initiatives that address both recipients and those sending funds are considered to be particularly effective with regard to transfer channel selection, standardizing financial goals, improving commitment to depositing savings over time, etc. The qualitative study for the Greenback project will be useful in this regard.

PRIORITY MEASURES

6.1. (Host country) Fine tune online financial education tools (and those in person if possible) and develop awareness-raising strategies to strengthen migrant capacity to define and reach their financial objectives with good knowledge and understanding of existing financial services.

6.2. (Host country) Promote financial technologies and models targeted to the diaspora and bring together financial services offered by banks and other financial service providers (including payment institutions) using programming application interfaces in host countries and Morocco.

6.3. Conduct client-focused research to better understand the difficulties encountered by beneficiaries of remittances using regulated channels, and, in particular, digital channels. Document practices that encourage financial inclusion for remittance beneficiaries using existing service models and products. Include additional questions in the representative surveys (such as those used by the High-Commissariat for Planning) about economic status of beneficiaries, the financial behaviour with regard to savings and credit, adopting an approach focused on gender.

7. Stakeholders and coordination

Governance and monitoring of remittance activities is the responsibility of the BAM, the Ministry of the Economy and Finance and the Office of Foreign Exchange of Morocco.

- The **BAM** is the general monitoring and regulatory authority for questions about financial activities – whether they are bank related or not. Regarding remittances, financial inclusion and the payment system, the BAM is specifically charged with:
 - monitoring the payment system and the banking sector (including payment institutions) and publishing new regulatory texts;
 - developing statistics (followed by data on financial access and mobile phone payment services);
 - activating the strategic committee that monitors the national financial inclusion strategy and participates in the national council and the monitoring committee; and
 - presiding over the Moroccan Foundation for Financial Education.
- With regard to financial inclusion and remittances, the Ministry of Economy, **Finance and Administrative Reform directs the National Council on Financial Inclusion** and participates in the strategic and monitoring committees. It also participates on the board of the Moroccan Foundation for Financial Education.
- The **Ministry delegated by the Ministry of Foreign Affairs, African Cooperation and Moroccan diaspora** implements government policy on Moroccan diaspora and migrants in Morocco, in coordination with the ministries and institutions that address domestic and foreign affairs for Morocco.

Donor initiatives

- Donor initiatives are relatively focused on international remittances and are specifically focused on the link between migration and the development of governance and local development and entrepreneurial investment. The following initiatives regarding migrant remittances can be cited:
- The **World Bank** is currently implementing the **Greenback** project. It focuses on promoting low-cost innovative money transfer products that are practical and targeted to migrants and beneficiaries who originate from a leading city, in this instance, Casablanca.
- A study of demand and an analysis of existing products and client protection measures was carried out to ensure cost transparency.
- A series of workshops should be organized soon to share research results and promote financial education activities.

PRIORITY MEASURES

7.1. Create an ad hoc national work group on remittances to define and address the main challenges and possibilities linked to remittances to Morocco to coordinate activities, catalyse resources and integrate a set of priority measures into strategies and national development plans. The group's objective will specifically be to work in synergy with the Greenback project team and other public or donor stakeholders, but also to establish a dialogue with the private sector to be able to make suggestions that can be considered recommendations 6.2 and 6.3.

7.2. Include international and domestic remittances as a key subject of discussion for work groups relevant to the national financial inclusion strategy and develop strategic orientations for the strategy committee, specifically as related to digitalization, financial education and access to financial services.

7.3. Include remittance beneficiaries and migrants as a targeted sub-group for the national financial education plan and conduct awareness raising activities and financial education activities adapted to this sub-group, implemented with other general activities of the national financial education plan targeting a general or specific public.

8. Priority measure recommendations

1. Migration and remittances

1.1. Improve receipt and dissemination of disaggregated data about transfer method (cash or bank account) and other key characteristics that can assist market actors to streamline their offerings, their marketing techniques and their target strategies, and, in particular where gender is an issue (half of the diaspora is women), as well as remittance destination (rural versus urban areas).

2. Financial environment

2.1. Improve dissemination of mobile money data by using indicators from the database of the survey about access to financial services by the International Monetary Fund. This survey addresses agents, accounts and the value of electronic money remittances in relation to GDP and payment accounts (by level of account), as well as the main practices that encourage adoption of mobile money (P2P payments, G2P payments, merchant payments). Improve dissemination to track progress and ascertain elements that will trigger the adoption of electronic money.

2.2. Adopt an experimental approach for international remittances to an electronic money account, these transfers being considered catalysts to activate this type of account in rural migration areas where remittances are received from abroad, with specific attention paid to women.

2.3. Measure progress and disseminate information about interoperability between banks and payment institutions within the framework of HPS Switch solutions to attract new members, and, as result, generate network synergy, expand the electronic payment ecosystem, increase the value sharing for all stakeholders and finally, reduce costs.

3. Regulatory environment

3.1. Learn from the COVID-19 pandemic response regarding remote client identification processes for payment accounts and opportunities to lower fees in proportion to risk.

3.2. Conduct a survey on offerings and demand to identify the main obstacles, from the client point of view and that of the service providers, including eventual regulatory challenges, to promote opening payment accounts, recruiting retail agents and using mobile money. Integrate input from recent surveys conducted by the BAM in Morocco (Payment Diary) and merchants.

4. Market structure

Sending

4.1. Conduct Moroccan diaspora client surveys in respective host countries to evaluate behavioural changes, related to transitioning from sending cash to online channels and take measures that can support and accelerate these changes over time.

4.2. Promote among migrants the use of online bank channels and those that are lower cost through educational campaigns and training about the structure of costs and client protection, to support the transition from using cash to the use of digital channels, specifically using the Greenback project launched by the BAM in collaboration with the World Bank.

Receiving

4.3. Promote remitted funds using the electronic money accounts proposed by payment institutions.

4.4. Develop and require reports containing the geolocating of access points per type of institution (banks, cash payment agents or multichannel aggregators, mobile phone payment agents, retail agents, microfinance institutions, etc.) and issue quarterly updates on national coverage to visualize and monitor areas where remittance services are accessible and where they can be combined with other financial services and payments, with a view towards increasing financial inclusion.

5. Financial services for remittance users

5.1. (Host country) Fine tune online financial education tools (and those in person if possible) and develop awareness raising strategies to strengthen migrant capacity to define and reach their financial objectives with good knowledge and understanding of existing financial services.

5.2. (Host country) Promote financial technologies and models targeting the diaspora, bringing together financial services that use programmed applications through banks and other financial service providers (including payment institutions) in host countries and Morocco.

5.3. Conduct client-focused research to better understand the difficulties encountered by beneficiaries of remittances using regulated channels and, in particular, digital channels. Document practices that encourage financial inclusion for remittance beneficiaries using existing service models and products. Include additional questions in the representative surveys (such as those used by the High-Commissariat for Planning) about economic status of beneficiaries, the financial behaviour with regard to savings and credit, adopting an approach focused on gender.

6. Stakeholders and coordination

6.1. Create an ad hoc national work group on remittances to define and address the main challenges and possibilities linked to remittances to Morocco to coordinate activities, catalyse resources and integrate a set of priority measures into strategies and national development plans. The group's objective will specifically be to work in synergy with the Greenback project team and other public or donor stakeholders, but also to establish a dialogue with the private sector to be able to make suggestions that can be considered recommendations 6.2 and 6.3.

6.2. Include international and domestic remittances as a key subject of discussion for work groups relevant to the national financial inclusion strategy and develop strategic orientations for the strategy committee, specifically as related to digitalization, financial education and access to financial services.

6.3. Include remittance beneficiaries and migrants as a targeted sub-group for the national financial education plan and conduct awareness raising activities and financial education activities adapted to this sub-group, implemented with other general activities of the national financial education plan targeting a general or specific public.

About the authors



International Fund for Agricultural Development (IFAD)

IFAD is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.



Financing Facility for Remittances (FFR)

IFAD's US\$65 million multi-donor Financing Facility for Remittances aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

For more information, visit: www.ifad.org | www.ifad.org/ffr | www.RemitSCOPE.org



Developing Markets Associates Global (DMAG)

Headquartered in central London with a regional office in Sydney, DMAG is a leading payments consultancy engaged by both the public and private sector to deliver projects around the world. Since the company was founded in 2007, it has grown to 20 full-time staff, with a global network of research and support staff of a further 60 people. DMAG's core competencies include:

- Remittances and payment systems
 - Financial inclusion and access
 - Diaspora investment and diaspora related affairs
-

For more information, visit: www.developingmarkets.com

About the initiative



Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME)

The PRIME Africa initiative is a EUR 15 million initiative funded by the European Union and implemented by IFAD's FFR, aimed at improving the management of remittances and their use for development impact in selected African countries.

For more information, visit: www.ifad.org/prime-africa

Read the other PRIME Africa country diagnostics:

1. Cabo Verde
2. Ethiopia
3. Ghana
4. Kenya
5. **Morocco** [ENG/FRE]
6. Senegal [ENG/FRE]
7. South Africa
8. The Gambia
9. Uganda



International Fund for Agricultural Development
Financing Facility for Remittances
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 5459 2012
Email: remittances@ifad.org
www.ifad.org

 [facebook.com/ifad](https://www.facebook.com/ifad)
 [instagram.com/ifadnews](https://www.instagram.com/ifadnews)
 [linkedin.com/company/ifad](https://www.linkedin.com/company/ifad)
 twitter.com/ifad
 [youtube.com/user/ifadTV](https://www.youtube.com/user/ifadTV)

October 2022



Financing Facility
for Remittances

www.ifad.org/remittances
www.RemitSCOPE.org



The Morocco country diagnostic was undertaken in the framework of the Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa) programme, co-financed by the European Union

ISBN 978-92-9266-197-7



9 789292 661977