

THE EXPERIENCE OF PARTICIPATIVE BANKS DEVELOPMENT
IN MOROCCO: ACQUIRED LESSONS AND CURRENT STATE

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**L'EXPERIENCE DE DEVELOPPEMENT DES BANQUES PARTICIPATIVES
AU MAROC : LEÇONS ACQUISES ET ETAT DES LIEUX**

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ABSTRACT

Today, Islamic banking has become an important part of the global economy. This new form of financial intermediation has gradually emerged as an interesting alternative to the conventional system. Morocco, although it is lagging behind in the integration of Islamic finance in its banking system, it has taken great progressive steps to approach this new banking industry.

This paper aims to study the major phases of participative banks development in the country of Morocco, and the evolution of participative banking landscape from the introduction of this new financial industry in 2017 to 2019. The paper starts with presenting a historical overview of the first steps of Islamic finance in Morocco. Then, it sheds light on the first experience of launching Islamic banking products and the constraints that have hindered their development. Secondly, the paper presents the new successful start of Islamic finance in Morocco, which is reflected by the effective launch of participative banks and windows. At the end, the paper presents and analyzes the evolution of participative banking landscape in Morocco, based on statistical data from reports published by the central bank of the country (Bank Al-Maghrib).

KEY WORDS: Participative banks; Islamic finance; alternative products; participative banking landscape

RESUME

Aujourd'hui, l'activité bancaire islamique est devenue une partie incontournable de l'économie mondiale. Ce nouveau mode d'intermédiation financière s'est progressivement imposé comme une alternative intéressante au système conventionnel. Le Maroc, bien qu'il soit en retard dans l'intégration de la finance islamique dans son système bancaire, il a entrepris de grandes démarches progressives pour s'approcher de cette nouvelle industrie bancaire.

Ce papier a pour objectif d'étudier les grandes phases de développement des banques participatives au Maroc. Pour ce faire, nous allons présenter dans un premier temps un aperçu historique des premiers pas de la finance islamique au Maroc. Ensuite, nous allons éclairer la première expérience de lancement des produits islamiques dits alternatifs et les contraintes qui ont entravé leur développement. Dans un deuxième temps, nous allons exposer le nouveau départ de la finance islamique au Maroc qui se concrétise par le démarrage effectif de l'activité des banques et fenêtres participatives. A la fin de cet article, nous allons présenter et analyser l'évolution du paysage bancaire participatif au Maroc, en s'appuyant sur des données statistiques issues des rapports publiés par la banque centrale du pays (Bank Al-Maghrib).

KEY WORDS : Banques participatives ; finance islamique ; produits alternatifs ; paysage bancaire participatif

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INTRODUCTION

Islamic banks as financial intermediation institutions are based on religious principles derived from the Sharī'ah. These Islamic banking institutions prohibit interest granting or receiving, and share profit and loss with their customers. These two elements constitute a main difference between Islamic banking and conventional banking system. Thus, Islamic banks have been able to attract a wide range of customers who are concerned with their ethical and religious principles.

Since the establishment of the first Islamic bank in 1963 under the name of Mit Ghamr Saving Bank, Islamic banking industry has been rapidly expanding all over the world. This new banking industry interests not only Muslim countries where the majority of Islamic banks are located, but also Western countries that increasingly recognize the soundness of this ethical finance.

In line with other countries, Morocco has taken great progressive steps to approach this Islamic banking industry which represents a promising alternative for the Moroccan economy. In this context, this paper attempts to answer the following questions:

- What are the major stages of the Islamic banks development in Morocco?
- What is the current state regarding the evolution of the participative banking landscape in Morocco?

In this respect, we will first present a historical overview of the first steps of Islamic finance in Morocco. Then, we will shed light on the first experience of launching Islamic banking products so-called alternative products in this country, and the constraints that have hindered their development. Secondly, we will present the new successful start of Islamic finance in Morocco, which is reflected by the effective launch of participative banks and windows. At the end of this article, we will present and analyze the evolution of the participative banking landscape in Morocco, based on statistical data from reports published by the central bank of the country.

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1. HISTORICAL OVERVIEW OF ISLAMIC FINANCE'S FIRST STEPS IN MOROCCO.

Morocco's Islamic finance history goes back to the early eighties when several Islamic financial institutions showed their major interest in introducing Islamic finance in Morocco. In 1985, the Moroccan Association for Studies and Research in Islamic Economics (ASMECI) had proposed for "*WafaBank*" the introduction of Islamic financial products. Chaired at that time by Moulay Ali Kettani, the idea was welcomed by the *WafaBank* Group. All the economic, commercial and legal studies were carried out to launch the products in question, however the governor of the central bank of Morocco (Bank Al-Maghrib), Mohamed Sekkat at this period, decided to stop everything, thus opposing his absolute refusal.

Since then, attempts to approach the Moroccan monetary authorities by initiators who want to develop projects of Islamic banks in Morocco have always ended in failure, for ambiguous reasons. However, Morocco is a country that has always confirmed its contribution in the international Muslim community, being one of the founders of the Organization for Islamic Cooperation (OIC), and therefore Morocco is among the countries that contributed to the creation of the Islamic Development Bank (IDB) in 1975. This paradoxical situation of Morocco's commitment to the international Muslim community and its skepticism towards the establishment of Islamic financial institution leaves us wondering about the causes of this reluctance (Nghaizi, 2013).

On the one hand, the Moroccan authorities explained that the Islamic financing operations practised by these banks lacked conformity with the national banking law. On the other hand, the reluctance towards the establishment of Islamic banks is justified by the fact that the capacity of hosting other banks on the Moroccan banking market is limited for this country, and licensing only a few foreign banks can turn the problem from a technical problem into a diplomatic one (Nghaizi, 2013).

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2. FIRST EXPERIENCE OF ISLAMIC BANKING PRODUCTS IN MOROCCO:

UNSATISFACTORY RESULTS.

2.1. THE FIRST EXPERIENCE OF LAUNCHING ALTERNATIVE PRODUCTS IN MOROCCO.

The year 2007 was an important date in the history of Islamic finance in Morocco. In fact, during September of this year, Moroccan authorities gave permission to local commercial banks to market Islamic banking products. Thus, (Bank AL-Maghrib, 2007) disseminates, on September 13, 2007, a recommendation which concerns the conditions of marketing of the products in question, namely: *Murabaha, Ijara and Musharaka*. Moroccan customers will now be able to use banking products that respect the principles of Sharī'ah and are in line with their religious convictions. During the same year, the Central Bank of Morocco became an observer member of the Islamic Financial Services Board (IFSB).

The commercialization of these products is done through existing banks in two ways: either by creating windows or through their own distribution network, without the creation of specialized Islamic banks (Nghaizi, 2013; Zarouali, 2017). In addition, the Moroccan central bank has insisted on the obligation to name these products as "alternative products" instead of Islamic products and has prohibited any reference to their Islamic specificities during promotional campaigns (El Meziane, 2013). In fact, Bank Al-Maghrib has collaborated with professional group of Moroccan banks (GPBM) and has developed a guide on how to market these alternative products. This guide includes the following recommendation: "No mention of a religious nature, such as halal, fougaha, fatwa, Islamic, Sharī'ah, religious council...". The Moroccan monetary authorities have thus demonstrated their sensitivity to Islamic financial products.

2.2. THE DEVELOPMENT CONSTRAINTS OF ALTERNATIVE PRODUCTS IN MOROCCO.

As stated by (Rhanoui and Belkhoutout, 2017), Morocco has several strengths to accommodate Islamic banks in its country such as: Muslim population, convenient geographical location, favorable economic environment. Thus, after the launch of the first Islamic products known as alternative products, the monetary authorities expected to attract

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a large number of customers interested in this type of products, but these results were not forthcoming. In fact, six years after the launch of these products, they have only recorded a decline over the time (Zahid and Ibourk, 2014). The constraints behind this failure were of different orders:

2.2.1. COMMERCIALIZATION OF ALTERNATIVE PRODUCTS.

The commercialization of alternative products is an important factor for the development and success of these products in Morocco. However, this success depends essentially on the communication and marketing strategies adopted for these products. In this country, these strategies have been a major obstacle to the development of these alternative products. First of all, the qualification of these products as alternative rather than Islamic is in itself a factor that creates ambiguities among potential customers. In fact, the Moroccan central bank refuses to use religious terms in promotional campaigns for these products. Bank Al-Maghrib, in collaboration with professional group of Moroccan banks (GPBM), has drawn up a guide that sets out the guiding principles for communication on these products and insists on the prohibition of religious mentions, as well as on the language adopted by customer service staff. This restriction confirms the sensitivity of the Moroccan monetary authorities to these new forms of banking. This is a draconian condition that hinders the commercialization of alternative products which, without this "halal" label, their sale would be difficult to achieve. Moreover, advertising to promote alternative products was very insufficient or almost rare, with a lack of brochures, posters and advertising billboards. Besides, it was hardly communicated by the media (El Omari Alaoui and Maftah, 2012).

Similarly, the distribution of these products was done through conventional banks, which themselves were not favorable to selling them under their own label, perceiving them as a threat to their activities (Zahid and Ibourk, 2014). Also, these conventional banks are identified among Moroccan customers as usurious banks, and therefore any product launched by these entities is perceived to be not in conformity with Shari'ah law.

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2.2.2. LACK OF TAX NEUTRALITY TOWARDS ALTERNATIVE PRODUCTS.

Beyond religious considerations and communication on alternative products in Morocco, taxation is an important element that facilitates the development of new products on the market. Only this time, the lack of tax neutrality towards alternative products introduced on the Moroccan banking market has unfortunately hindered their development.

The Murabahah is considered as the product with the most significant scale and success since the launch of these Islamic financing methods in Morocco. In terms of value-added tax (VAT), the Murabahah contract is subject to a 20% rate applicable both on the repayment of capital and on the profit margin, and therefore treated as a commercial operation, instead of the reduced rate of 10% applied only on the interest on conventional loans granted by conventional banks (Attak, 2018). As for registration fees, the Murabahah product is subject to a double taxation of 4%; when the bank buys the good and when it resells it for its customer (Attak, 2018). In addition, in terms of income tax, the customer is not allowed to deduct the margin from the overall taxable income as in the case of conventional loans (Attak, 2018).

Moreover, the recovery of the (VAT) credit by the bank is also a problem for the bank. In fact, the bank buys the product at the rate of 20% and transfers it to its customer at the rate of 10%. This difference represents for the bank a tax credit that the government should pay it back; however, since the government is a "bad payer", the bank always finds difficulties to recover it (Nghaizi, 2013).

This lack of tax neutrality towards alternative products is a factor that has led to the high cost of these products. Thus, the prices charged for Islamic products are two to three times more expensive than those of conventional products. However, what is more logical when introducing new products on the market is to commercialize them at a lower price than the market price, or at least at the same price, in order to attract customers and develop the new products.

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Faced with this host of weaknesses, the monetary authorities adopted new measures in the 2009 finance law, which eliminated the double taxation of the 4% registration fees, applicable only at the time the bank buys the property. Subsequently, the 2010 Finance law also introduced a number of amendments to make these alternative products more tax-neutral

2.2.3. SHARĪAH COMPLIANCE OF ALTERNATIVE PRODUCTS.

The Supreme Council of Ulemas (SCU) is the first religious authority in Morocco, which is presided over by the King Mohammed VI as Commander of the Believers. The main role of the (SCU) is to support religious policy. The launch of alternative products in Morocco was not supported by a clear position of the (SCU) members on the proposed financing solutions. In fact, the issue of the conformity of alternative products with Sharī'ah law created a divergence of opinion and divided (SCU) members into two clans: moderates and rigorists. On the one hand, the former seek to follow contemporary socio-economic changes that require adaptation and flexibility in the application of religious principles (Nghaizi, 2013). They rely on fundamental financial rules to justify their choice. On the other hand, rigorists pronounce a judgment that even if the structure of these products is in conformity with Sharī'ah, they cannot be considered "halal" from a religious point of view, as their sources come from conventional banks that do not comply with Sharī'ah rules. The decision of the Supreme Council of the Ulemas to not take a position on alternative products on the market due to the lack of unanimity of their opinions leaves customers choosing between the two offers on the market according to their own religious beliefs (Leconomiste, 2007).

2.2.4. THE LACK OF BANKS INVOLVEMENT

Banks involvement regarding alternative products is a key factor in their success and development in the Moroccan banking sector. However, the first experience of Morocco in this financial industry has not shown a real interest of these banks. In fact, after the authorization of the Moroccan central bank, Moroccan banks did not rush to engage in this new financial industry, but only four banks (Banque Populaire du Maroc (PB), Banque Marocaine du Commerce Extérieur (BMCE), Banque Marocaine du Commerce et de l'Industrie

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(BMCI) and Attijari WafaBank (AWB)), have accepted the marketing of alternative products, and these banks themselves do not market all authorized alternative products (El Omari Alaoui and Meftah, 2012).

The banks' lack of involvement is also reflected in their lack of communication on these alternative products, as mentioned above. In fact, according to a study conducted by Ibourk (2014) on the determinants of the successful establishment of Islamic banks in Morocco, out of 500 people, only 240 are aware of the existence of Islamic products marketed by their banks. This result reflects the lack of involvement of banks which normally should have amplified the communication on these products as they used to do for conventional products. Moreover, the lack of advertising posters, brochures, leaflets and any other communication support reflects the lack of the bank's willingness to involve itself in this new form of financing. Likewise, there was no special, advanced training for the sales managers of the bank's agencies. Individual account managers have not demonstrated their competence in explaining how alternative products work to customers (Ibourk, 2014; Nghaizi, 2013).

3. A NEW START FOR ISLAMIC FINANCE AND PARTICIPATIVE BANKS IN MOROCCO.

3.1. POLITICAL CONTEXT CHANGES AND THE OVERHAUL OF THE BANKING LAW.

Morocco's first experience in the marketing of alternative banking products has led to disappointing results in terms of low levels of these products adoption. The demand for alternative products was very poor and the shortcomings in this area were a major challenge that the Moroccan monetary authorities had to overcome.

The changes in the political context with the arrival of an Islamic political party named "Justice and Development Party" (JDP) in government has brought a new dynamic to Islamic finance in Morocco (Hassanudden et al., 2015). Indeed, the JDP has expressed its willingness to authorize the establishment of Islamic banks in Morocco. Thus, several foreign requests from renowned banking groups have been addressed to the Moroccan authorities to negotiate the establishment of their services for the benefit of Moroccan customers.

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In 2012, the Moroccan government thus proposed a project law relating to the establishment of an "Islamic banking and financial system comprising banks, insurance companies, sukuks and assimilated financial institutions such as investment funds and asset management companies" (Zarouali, 2017). This project law has undergone several modifications, and finally led to the publication of the project law n° 103.12 relating to credit institutions and assimilated organizations in January 22, 2015. This law integrates in the Moroccan banking activity, the activities of Islamic banks designated as participative banks and thus presents a legislative framework that defines these banks' scope of application, compliance instances and other various dispositions.

3.2. THE EFFECTIVE START OF PARTICIPATIVE BANKING ACTIVITIES IN MOROCCO.

The year 2017 is an important year in the history of Islamic finance in Morocco. In fact, after two years of waiting, Moroccan banks have finally obtained a positive response to the granting of an authorization for starting the participative banking activity.

Indeed, on January 2, 2017, the Central Bank of Morocco published a statement of the Committee of Credit Institutions which presents the approval granted to Moroccan banks having submitted their applications. Thus, in July 2017, there was the effective start of participative banks and windows activity. Moroccan banks have chosen to make partnership agreements with renowned foreign groups in a perspective of complementarity. On the one hand, these foreign groups will be more aware of the potential of the Moroccan banking market. On the other hand, the Moroccan banking market will benefit from the expertise of these foreign groups in this field of participative finance commonly known as Islamic finance.

The Moroccan monetary authorities have acquired important lessons from Morocco's first experience with participative finance, which yielded unsatisfactory results. Thus, Bank Al-Maghrib has set up more solid support and guidance work to ensure that participative banks in Morocco make a good start to their activities. This work mainly concerns the adaptation of the accounting and tax framework, support in the elaboration of standard contracts relating to participative banking products, as well as work for the finalization of the prudential framework of banks.

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The success of the Islamic banking industry in Morocco also depends on the existence of a financial ecosystem that reinforces its development. However, this ecosystem has always been incomplete, due to the lack of Islamic insurance that supports the development of participative banking products in Morocco. Participative banks in Morocco have been operating for two years despite the lack of this type of insurance. It was only in August 2019 that the law n°87-18 was published, modifying and completing the law n°17.99 relating to the insurance code and introducing Takaful insurance. The Takaful insurance is an Islamic insurance contract to which people subscribe and engage themselves to pay a common contribution. In the case of a risk occurrence, the sum of these contributions, called "members' fund", will be used to compensate the victims. The Takaful insurance company manages these funds in return for a management fee. All products that are part of a Takaful insurance contract must be Shari'ah-compliant and are therefore validated by the Supreme Council of Ulemas.

3.3. EVOLUTION OF THE PARTICIPATIVE BANKING LANDSCAPE IN MOROCCO.

In 2012, the Islamic Finance Advisory and Assurance Services (IFAAS) conducted a quantitative study measuring Moroccan consumers' expectations, knowledge and perceptions of Shari'ah-compliant banking and insurance products. The study covered a sample of 813 individuals in rural and urban areas, including both banked and unbanked individuals. The results of the study showed that 98% of the surveyed population is interested in the products of Islamic banks as soon as the offer is available on the market.

Moreover, the results of this study also revealed that among the 813 individuals surveyed, 54% are not banked and do not use any financial services in Morocco, while for the 46% who have a bank account, 77% use current accounts, 16% have savings accounts and only 7% use credit, while 85% of the customers of conventional banks are not satisfied with the use of interest-based products.

Boulahrir (2018) conducted a study on the prospects for the establishment of Islamic banks in Morocco. His study covers a sample of 581 people belonging to different demographic and professional categories. On the one hand, this study reveals that 36% of the

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sample are not banked for religious beliefs, while 34% are unable to bear the costs exercised by the conventional banking system. On the other hand, Moroccan consumers do not seem to be satisfied with the bank financing offered by conventional banks. Indeed, in addition to religious beliefs that prohibit the use of interest, consumers are constrained by high transaction costs (El-Gamal, 2007), complicated administrative procedures, important guarantees, or even by the long time it takes to release credit. This last point has also been affirmed by (Aaminou and Aboulaich, 2017) who confirmed that convenience in terms of pricing, proximity of branches as well as the quality of services are essential requirements for deciding to adopt Islamic financial institutions.

Echchabi and Aziz (2012) carried out a study on the impact of religion on Islamic banking product and service adoption in Morocco. The study was based on analyzing the responses of 252 respondents by linear regression and confirmed the existence of a positive influence of religion on the adoption of Islamic banking services in Morocco.

In general, the studies carried out show the existence of a strong demand and a strong potential of Islamic finance in Morocco as confirmed by the report published by (Thomson Reuters, 2014) and Al Maali Consulting Group. The integration of this new banking industry will make it possible to bring a new dynamism to the Moroccan banking sector, particularly through the improvement of the level of banking facilities of the population. As stated (Jouti, 2018), the introduction of Islamic finance in a country is mainly motivated by its considerable impact on enhancing financial inclusion. Indeed, the establishment of Islamic banks will allow a diversity of offers that can attract a large number of customers that has always refused access to conventional banking services for reasons of non-conformity with their religious beliefs, or a population that uses these commercial banks only as a last resort.

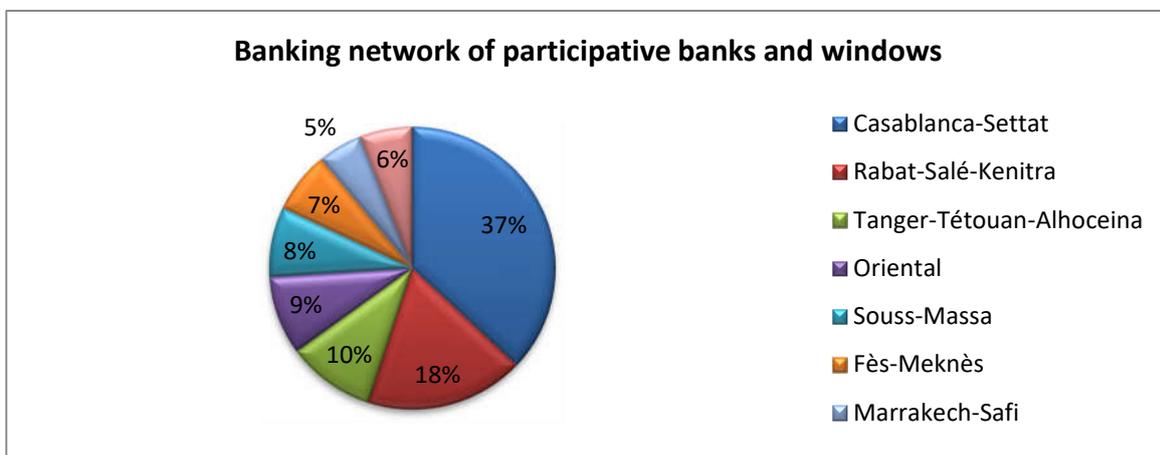
The statistical data from the annual reports on banking supervision and monetary statistics published by the Central Bank of Morocco (Bank Al-Maghrib, 2017, 2018, 2020) can be used to study the participative banking landscape evolution from the year 2017 to the year 2020 as follows:

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3.3.1. EVOLUTION OF PARTICIPATIVE BANKING NETWORK :

The participative banking industry is growing in Morocco with great speed. In fact, participative banks have only started their activity at the beginning of the second half of 2017, yet the number of bank branches dedicated to this activity has considerably increased between 2017 and 2018 from 44 branches to 100 branches. In 2019, the Central Bank of Morocco issued a statement on the participative banking indicators according to which the banking network of these institutions has expanded to 124 branches in July 2019.

Figure 1: The banking network of participative banks and windows by region in (%)



Sources: Prepared by the authors, Data from Bank Al-Maghrib (2018)

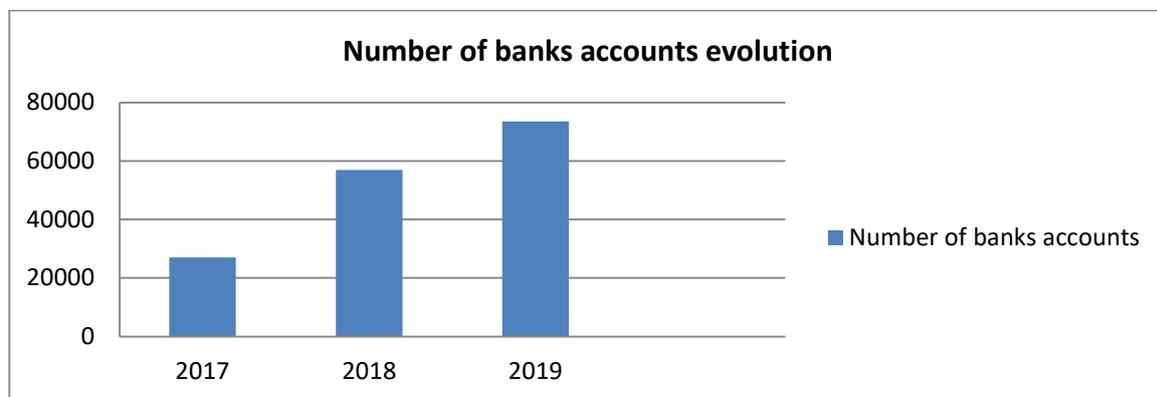
According to the figure 1 above, the highest number of bank branches open to welcome customers interested in alternative products is concentrated in one region which is Casablanca region. Although it is the largest city in the kingdom that has become an economic and financial hub, however, the network of these participative banks needs to be extended to all the cities of the country, in both urban and rural areas. Indeed, the other regions of the kingdom still suffer from a very limited number or complete unavailability of these bank branches that offer products in line with their religious convictions and that meet their requirements. The expansion of the participative banking network is therefore an important element that the Moroccan monetary authorities must take into consideration to ensure the development of this new banking industry.

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**3.3.2. EVOLUTION OF BANK ACCOUNTS OPENED WITH PARTICIPATIVE
BANKS AND WINDOWS:**

During the first half of these banking institutions' activity, 27.000 bank accounts were opened by the end of 2017. This figure increased by 107% during the year 2018, when the number of bank accounts opened with participative banks and windows reached about 56.918 accounts by the end of 2018. This number amounted to 73,528 bank accounts in July 2019.

Figure 2: Evolution of bank accounts opened with participative banks and windows



Source: Author's own

The evolution of participative bank accounts number in Morocco confirms the validity of the studies carried out by national and international institutions concerning the prediction of Moroccan consumers' demand towards participative banks' products. In fact, despite that the ecosystem of participative finance in Morocco has not been completed yet due to the lack of Takaful insurance, the demand towards participative banks has positively evolved since their creation till today. Thus, efforts still need to be made in order to maintain the customers that have committed themselves to the adoption of these banking institutions, on the one hand, and to attract another part of the population to these entities, on the other hand.

**3.3.3. EVOLUTION OF THE LEVEL OF PARTICIPATIVE FINANCING GRANTED BY
PARTICIPATIVE BANKS AND WINDOWS:**

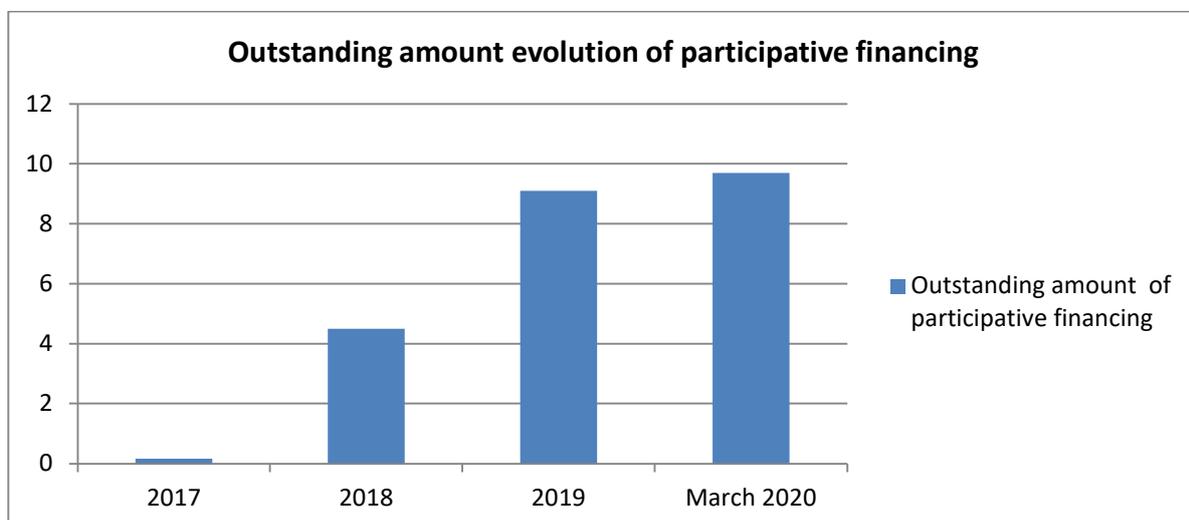
Since their creation, Moroccan participative banks and windows have recorded significant figures in terms of the granting participative financing, justified by a significant

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progression of the balance sheet total to 7.3 billion dirhams at the end of 2018 against 2.6 billion dirhams one year earlier.

In fact, during the second half of 2017, outstanding loans amounted to 159 million dirhams through Murabaha real estate contract. In 2018, the amount of participative financing evolved to reach 4.5 billion dirhams at the end of the year, of which more than 90% concern the Murabaha real estate contract and 8% concern the Automobile Murabaha contract. Thus, the participative financing granted represents 62% of these institutions' total employment. At the end of December 2019, the outstanding amount of participative financing reached 9.1 billion dirhams and increased to 9.7 billion dirhams in March 2020. Thus, Murabaha real estate contract still takes the largest share of financing with a share of 86.5% of total financing, followed by the Automobile Murabaha and "Equipment Murabaha" with a share of 8.2% and 4.7% respectively.

Figure 3: Evolution of the outstanding amount of participative financing in Billion dirhams.



Source: Author's own

As soon as the participative banks started offering their products, Moroccan consumers rushed to the participative banks and windows in order to benefit from this financing solution in line with their religious conviction. The Murabaha real estate contract is thus considered the main product that has been very popular with customers who want to buy a home, even before the approval of the Takaful insurance. The encouraging results

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recorded in the balance sheet accounts of these institutions confirm that the establishment of these participative banks will serve and meet the needs of a large number of customers who were excluded from the banking system or who were obliged to commit themselves to conventional banks out of necessity.

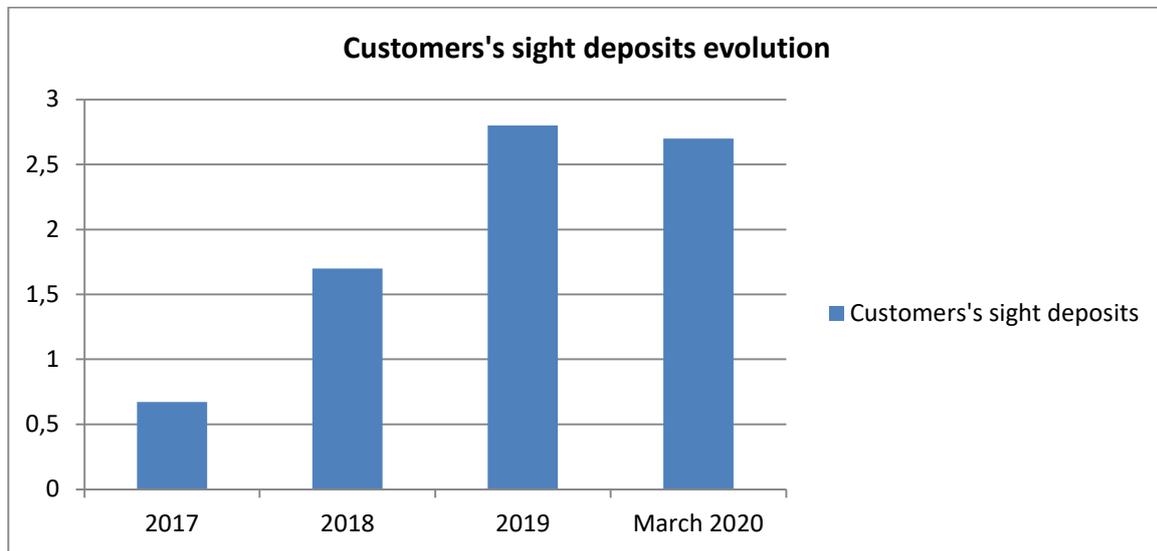
3.3.4. EVOLUTION OF CUSTOMER DEPOSITS IN PARTICIPATIVE BANKS AND WINDOWS.

The resources of the banks and participative windows have undergone a significant evolution since their introduction in the country till today. In fact, the level of sight deposits of customers (including *Hamish Al Jiddiya*) increased from 671 million dirhams at the end of 2017 to 1.665 billion dirhams at the end of 2018, representing a variation of 148% in one year. These deposits reached 2.8 billion dirhams at the end of December 2019. In March 2020, the amount of these deposits decreased slightly and amounted to 2.7 billion dirhams.

Regarding investment deposits, on 31 May 2019, banks and participative windows were authorized by Article 55 of Law 103.12 to receive investment deposits from the public, after a careful examination of the contract by Bank Al-Maghrib and the Supreme Council of Ulemas. Thus, the investment deposits of customers with these institutions increased from 23 million dirhams to 335 million dirhams between June and September 2019, then to 478 million dirhams in March 2020.

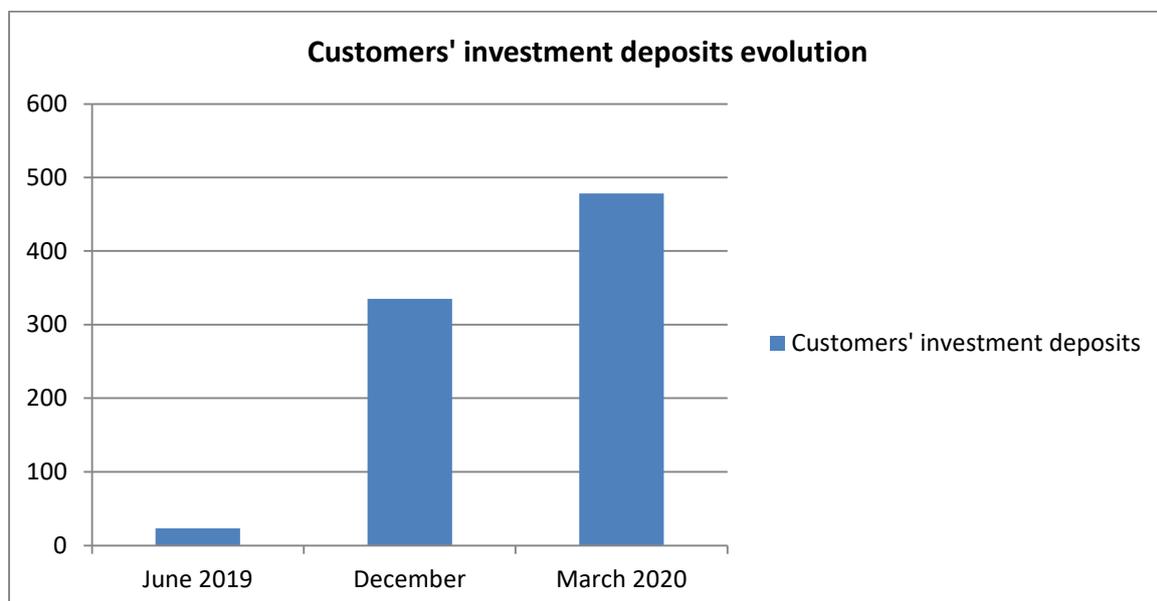
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Figure 4: Evolution of customers' sight deposits in participative banks and windows in billion dirhams.



Source: Author's own

Figure 5: Evolution of customers' investment deposits in participative banks and windows in million dirhams.



Source: Author's own

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The significant evolution of the figures displayed in the asset accounts of participative banks and windows shows that Moroccan costumers are interested not only in savings that prohibit the interest, but also in the fructification of these savings through investment deposits.

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CONCLUSION

Throughout this article, we have started by answering the first question regarding the main stages of participative bank development in Morocco. We have shown that the emergence of this new banking industry initially met with reluctance from the authorities of the country, although several international Islamic financial institutions have demonstrated their interest in introducing Islamic finance in the country. It is only in 2007 that Islamic finance was introduced in Morocco, through the launching of three products (Ijara, Moucharaka, Mourabaha) offered by the country's local banks. However, this experience ended with unsatisfactory results due to the absence of the necessary preconditions. In fact, among the major causes that led to the failure of this first experience we can mention: the doubts about the conformity of the alternative products proposed, the poor commercialization of these products, the lack of tax neutrality and the lack of banks involvement. However, with the changes made in the political context and the overhaul of the banking law, the Islamic banking industry in Morocco has experienced a new start in 2017, which is manifested by the successful start of the activity of participative banks.

This article also answers the second question about the current state of the participative banking landscape and its evolution. Thus, we have presented and analyzed the evolution of the participative banking landscape from 2017 to 2020, notably through the analysis of the evolution of the banking network, the number of bank accounts opened, the level of participative financing granted and the customer deposits with these banks. This rapid and positive evolution of the participative banking landscape in Morocco shows not only its considerable contribution to the Moroccan economy, but also the promising future of the banking industry in this country.

The establishment of participative banks in Morocco represents an important opportunity for the development of the Moroccan economy. Apart from contributing to the financing of investment projects and attracting foreign capital, this Islamic banking industry will also contribute to the improvement of the banking rate through the adhesion of a large part of the population, which was always excluded, to the participative banking system.

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The Moroccan monetary authorities have acquired important lessons from Morocco's first experience of launching alternative products in Morocco, and have thus adopted a more favorable framework for the development of this Islamic banking industry, notably through the recasting of the banking law, the implementation of a neutral and encouraging tax system, and the improvement of promotional campaigns for a better promotion of these new products.

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