CROWDFUNDING AU MAROC : OPPORTUNITES, DEFIS ET PERSPECTIVES

CROWDFUNDING IN MOROCCO: OPPORTUNITIES, CHALLENGES AND PROSPECTS

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Résumé
Le crowdfunding désigne le financement de projets par la foule (le mot « crowdfunding » est une combinaison de « foule » et de « financement »). Tout le monde peut être prêteur ou donateur d’un projet. Au Maroc, plusieurs types de crowdfunding existent : le crowdfunding de don, le crowdfunding de prêt, et le crowdfunding d’investissement en capital. Parmi les nombreux défis rencontrés dans le pays, nous pouvons citer la faible sensibilisation à la pratique, la quasi absence de plateformes fiables, le manque de règlementation, ainsi que la concurrence avec les sources traditionnelles de financement. Le crowdfunding se développe toutefois et a un bel avenir devant lui.

Mots-clés : Crowdfunding, opportunités, essor, défi

Abstract
Crowdfunding is the financing of projects by the crowd (the word "crowdfunding" is a combination of "crowd" and "financing"). Anyone can be a lender or donor to a project. In Morocco, several types of crowdfunding exist: donation crowdfunding, loan crowdfunding, and equity crowdfunding. Among the many challenges encountered in the country, we can cite the low awareness of the practice, the virtual absence of reliable platforms, the lack of regulation, as well as competition with traditional sources of financing. Nevertheless, crowdfunding is growing and has a bright future ahead of it.

Keywords: Crowdfunding, opportunities, growth, challenge
Introduction

Crowdfunding, which can be translated in french as “financement par la foule”, is a form of collaborative financing whose origin and first appearance remain difficult to date, as the practice is so old. If the term "crowdfunding" was mentioned for the first time in 2006 by Michael Sullivan, Palusinski recalls that the Greeks were already using a similar method of financing in their time by asking friends or members of their religious brotherhoods to contribute to help their peers. Similarly, in the 18th century, artists, composers, authors and writers were already asking for help to finance their projects. In the same spirit, Bartholdi had organized a fundraiser to finance the construction of the Statue of Liberty, a campaign which at the time had mobilized thousands of French and American contributors.

In Morocco, this funding model is relatively new, as the first Moroccan crowdfunding platform only appeared in 2014, notably Smala & Co, but the concept has experienced respectable growth in recent years, providing an opportunity for entrepreneurs, small businesses and social projects to raise funds from internet users. This model has the potential to stimulate economic growth, support local initiatives and foster financial inclusion.

However, despite the opportunities offered by crowdfunding, there are also challenges and obstacles that must be overcome for this model to realize its full potential in Morocco. This article examines the opportunities and challenges of crowdfunding in the country, focusing on the factors affecting its development, the types of projects funded, and the regulations and policy initiatives aimed at encouraging and supporting this funding model. But before that, it is appropriate to present the history and the rise of crowdfunding in the country.

I. METHOD

A literature review is defined as the methodological process of retrieving information from original research to identify the current state of knowledge on a specific topic. This process allows the construction of theoretical frameworks for research and the generation of review articles. The objective of this document is therefore to describe the steps involved in carrying out a literature review process.

The methodology consists of five steps that start with the generation of a question to be examined, followed by the identification of information sources, the use of selection criteria, as
well as search strategies. Then, the information found is classified and grouped into systematisation matrices.

Our literature search will result in an organised systematic review, with sufficient basis for writing structured and relevant arguments.

1.1. Introduction to Literature Review

A literature review is a crucial methodological process in the field of management sciences that involves retrieving information from original research to determine the current state of knowledge on a specific subject. It serves as a foundation for constructing theoretical frameworks and generating review articles. In this document, we aim to outline the essential steps involved in conducting a comprehensive literature review.

1.2. Methodological Stages of Literature Review

The methodology of a literature review encompasses five distinct stages, each contributing to the overall process. These stages are designed to ensure a systematic and rigorous approach to information retrieval and analysis. The first stage involves the formulation of a research question, which serves as a guiding principle throughout the literature review process. The research question sets the scope and direction for the subsequent stages and aids in focusing the search for relevant information.

1.3. Identification of Information Sources

After formulating a research question, the next stage involves identifying relevant information sources. This step is crucial to ensure the comprehensiveness of the literature review. Information sources can include academic databases, scholarly journals, books, conference proceedings, and relevant websites. By accessing diverse and reliable sources, researchers can gather a broad range of perspectives and insights on the chosen subject.

Furthermore, during this stage, it is important to consider the inclusion and exclusion criteria for selecting information sources. The criteria may include factors such as the publication date, language, geographical region, and relevance to the research question. Applying appropriate selection criteria helps researchers streamline their search and focus on acquiring pertinent information.

Overall, the identification of information sources plays a vital role in gathering a rich and varied collection of literature that forms the basis for subsequent stages in the literature review process.
II. RESULTS

2.1. History and development of crowdfunding in Morocco

Crowdfunding first appeared in Morocco in the mid-2010s, before gradually growing over the years, notably with the appearance of several local crowdfunding platforms. This growing popularity is due to several factors, including the apparition of online platforms that facilitate contact between project leaders and investors. Indeed, according to the Observatory of Participatory Finance in Africa, the number of crowdfunding platforms in Morocco has increased from 1 (namely : Smala & Co) in 2014 to 13 in 2021 (Happy Smala, 2022).

According to the Crowdfunding Barometer published by Happy Smala in collaboration with ESSEC Afrique, more than 171 Moroccan projects were financed over the 2019-2021 period via 13 crowdfunding platforms, the total of funds collected amounting to 3.7 million Dirhams (Happy Smala & ESSEC Afrique, 2022).

In addition, the Happy Smala barometer revealed that the sector has grown by more than 46% in terms of the number of projects financed and 76% in terms of the amounts collected over the period 2014-2021. The same study also shows that the majority of project leaders are individuals (61%) and associations (27%), individuals are also the main contributors to this type of financing, which is a clear indicator of confidence in the sector and the quality of funding opportunities available.

Although the number of crowdfunding platforms is still relatively low compared to other countries, such as France which has 114,718 funded projects and 1.02 billion euros in funds raised in 2020 (Financement participatif France & Mazars, 2020), these figures show a strong commitment and demand for crowdfunding especially from small and medium-sized enterprises, as well as start-ups, and therefore, a strong potential for the future development of crowdfunding in the country.

Crowdfunding in Morocco is becoming an increasingly popular alternative financing tool for investors and project developers. This can be attributed to the establishment of favorable regulations, increased awareness of crowdfunding opportunities, and the existence of reliable and well-established platforms.
Because crowdfunding is increasingly seen as an alternative financing option for SMEs and entrepreneurs, especially those who struggle to obtain traditional financing from banks. This model offers greater flexibility in terms of repayment terms and interest rates (Mejdoubi et al., 2022), which makes it more attractive for them. This ease of access allows small investors to participate in innovative and sustainable projects, thus contributing to the creation of a more inclusive and responsible economy.

In addition, the business sectors covered by this financing model have continued to expand over the years. As previously stated, local crowdfunding platforms (and foreign platforms operating on Moroccan market) raised almost 4 million dirhams to finance various projects ranging from social entrepreneurship to technological innovation, including culture and the arts. This diversification demonstrates the growing interest of Moroccan investors in crowdfunding, as well as the emergence of new innovative projects in the country. However, the Covid-19 pandemic had a negative impact on the number and the amount of projects funded by this model, 2020 and 2021 recorded a gradual decrease in the total amount collected compared to 2019.

**Evolution of the amount of funds collected over time**

![Graph showing the evolution of funds collected](image)

Source: Happy Smala & ESSEC Afrique (2022)

Despite this drop, the crowdfunding sector continues to grow and gain popularity among Moroccan entrepreneurs, innovators and artists. In addition, the Ministry of Economy and Finance of Morocco supports the development of the sector by working to establish a
favorable legal and regulatory framework in Morocco.

2.2. Types of crowdfunding in Morocco

There are different types of crowdfunding in Morocco, each with its own characteristics and specificities. The main crowdfunding models in Morocco include donation-based crowdfunding, lending-based crowdfunding and equity crowdfunding.

- *Donation-based crowdfunding*: this model includes two forms; there is the unrequited donation where contributors finance a project without expecting a return on investment. In other words, they make a financial contribution without compensation, simply to support a project that is close to their heart. There is also the donation with rewards where contributors receive an object or a service in return for their participation. This model is often used for social, cultural or charitable projects. (Belleflamme et al., 2015)

- *Lending-based crowdfunding*: in this model, investors lend money to a project and receive a return on investment in the form of interest. It is often used to finance real estate projects, start-ups or sustainable development projects. (ibid.)

- *Equity crowdfunding*: less common in Morocco, this model consists of investors participating in the financing of a project in exchange for shares in the company. It is also used to finance companies in the start-up or development phase. (ibid.)

2.3. Regulations and policy initiatives

Faced with the multiplication of crowdfunding platforms in Morocco and the enthusiasm of the population for this new source of financing, the Moroccan State and Moroccan institutions have decided to support the sector through the implementation of legal and regulatory measures.

Thus, the Kingdom also adopted by law n° 15-18 relating to collaborative financing in 2021, a legislation reinforced by the regulatory measures taken by Bank Al-Maghrib in 2022.

Law n°15-18 was adopted with the aim of regulating crowdfunding activity in Morocco. From now on, crowdfunding platforms must be approved by the Moroccan Capital Market
Authority to be able to operate on Moroccan territory. It clarifies the procedures for exercising crowdfunding, particularly in terms of liability, and subjects platforms and beneficiaries to transparency obligations in order to protect investors and guarantee the quality of the projects financed. This encourages investors to participate and strengthens their confidence in this type of alternative financing.

For its part, Bank Al-Maghrib, also published several directives through circulars, on May 19, 2022, aimed at regulating collaborative financing operations. Circulars no.3 to 5/w/2022 set the terms for the application for approval for the creation of a crowdfunding platform for donations or loans (or both); the internal control, risk management, assessment and monitoring systems (the platforms are now required to set up risk analysis and assessment systems adapted to their size, the nature and the volume of the transactions that they realize); and the obligation of the finance company to publish an annual report. The crowdfunding platform is also required to inform contributors of the nature and scope of the funded project as well as the identity and profile of the project leader (see Circular no. 8/w/2022). Circulars no.6/w/2022 are aimed at project leaders, obliging them to inform their contributors about the progress of their project and their financial situation (or the obstacles encountered or the execution), after they have secured the necessary funding. (Bank Al-Maghrib, 2022)

In addition, the Moroccan government has launched several initiatives to support entrepreneurship and economic growth, such as the Maroc PME program which aims to support Moroccan small and medium-sized enterprises by providing them with resources and opportunities to develop their activities (Ministry of Industry and Commerce, 2020).

2.4. Crowdfunding opportunities in Morocco

Crowdfunding presents many opportunities for the Kingdom and Moroccans, whether they are investors, entrepreneurs, companies, or simply citizens committed to economic, social or environmental causes.

Boosting economic growth

Crowdfunding can stimulate economic growth by providing small businesses and entrepreneurs with funds to expand their activities, creating new jobs, stimulating demand for local products and services and promoting the short circuit (Rouxhet, 2017). By allowing them
to raise funds from the online community, crowdfunding also helps reduce their dependence on traditional sources of funding, such as banks. Many innovative projects have succeeded in being financed by this model, we can, among others, cite:

- The funding of the production operation of the Miratti company, which specializes in top-of-the-range leather goods manufactured locally. By switching to the Wuluj platform, the company was able to finance its production activity before launching its product on the market. A strategy that allowed it to secure his orders as its project progressed (Sellam, 2022).

- The “Yalla” project which is a personal service application. More specifically, it is a platform that connects people seeking services for their daily needs (cleaning, courier, carpooling, DIY, moving, etc.) with competent people for remuneration. The platform is then remunerated by taking commissions on the concluded transactions. The project was listed on the « flowingo » crowdfunding platform to raise 1 million DH. This is an innovative project based on a technological solution to meet daily needs. Yalla not only contributes to economic growth by providing innovative solutions, but it also promotes professional inclusion by allowing anyone competent in their field of activity to offer their services and thus generate income.

**Supporting for local initiatives**

Crowdfunding can be used to support local initiatives and social projects. Crowdfunding campaigns allow citizens to make online donations to support projects close to their hearts, such as restoring historic sites, improving access to education and health, or environmental protection. Several examples of projects that have benefited from crowdfunding of this type can be cited, such as:

- “Les #100dhpouraider”: This project was launched on the “Cotizi” platform in 2014 and was funded by more than 1,046 contributors. It was a campaign to support the actions of the Food Bank in favor of the populations affected by the floods in the southern regions of the country. The campaign aimed to raise 100,000 DH, but the objective was largely
exceeded by having collected more than 302,000 DH (Cotizi, 2014). This project is a perfect example of how crowdfunding can be used to finance social initiatives.

- The “Equipement de salle d’informatique” project of the Centre des Droits des Gens which is a non-governmental organization active in the promotion of human rights through education, awareness and training workshops on human rights. The association mainly works with schools, colleges, high schools and sometimes with the public. The project that the NGO was carrying aimed to equip the Lalla Asmaa school with IT tools (computers, Data show, interactive board). The initiative managed to raise 65,000 DH on the dealkhir platform, from 160 contributors. This is an example of how to use crowdfunding to finance educational projects.

- “Support for cooperatives”: This project, launched by MATYN on the “Wuluj” platform in 2023 (and is still in the process of fundraising), aims to collect 50,000 DH to support artisans, producers and merchants of local foodstuffs by promoting the purchase and consumption of local products produced in 4 regions of the country. The project has currently collected 34% of the amount from 46 contributors and is still open. This is an example of how crowdfunding can be used to finance local commerce and the adoption of the short circuit for sustainable development.

- “1 million trees to plant in the South Morocco”: this is an ongoing project led by the AICHA association in partnership with MCISE to plant 1 million trees in Guelmim Oued Noun in order to regenerate the water table of the region and fight against global warming. The association hopes to raise 20 million DH at the end of 2023. The project has already mobilized 136 contributors. This project contributes to the preservation of the environment.

Promoting financial inclusion

Crowdfunding also promotes financial inclusion by allowing people without access to traditional financial services to benefit from financing for their projects and businesses. This funding model also contributes to reducing inequalities by allowing individuals with limited financial means to participate in the funding of projects important to their community and to those who have difficulty accessing funding to benefit from it thanks to the wisdom of the
crowd as claimed by El Attar and Zeriouh (2019). One of the examples that illustrate this inclusion is the campaign called “Mounir” carried out on the Cotizi platform. This is a request for funding for the purchase of a wheelchair for a young man with a disability. The campaign was a success (cf. Cotizi, 2017). Another more important campaign was the one called “Offronsuntoit” led by the association The Second Chance in 2015 to offer a roof to a small family in difficulty. The operation raised 203,531 DH from 806 contributors (see Cotizi, 2015).

III. THE CHALLENGES OF CROWDFUNDING IN MOROCCO

Thus, crowdfunding therefore presents itself as a serious and interesting alternative for Moroccans and the implementation of legislative mechanisms and political initiatives in favor of this funding model demonstrate the Kingdom’s support for it. However, crowdfunding faces major challenges which, at present, further limit its development potential.

3.1. Low awareness of crowdfunding

One of the main challenges of crowdfunding in Morocco is the low awareness of this financing model. A large part of the population, entrepreneurs and companies are not familiar with the concept and therefore do not know how it works, which can hinder its adoption.

3.2 Few reliable crowdfunding platforms

There are only 13 reliable crowdfunding platforms in Morocco, and only four of them are known to the majority of the public (Wuluj, Cotizi, Flowingo and Dealkhir), which can deter people from participating in fundraising campaigns. Potential investors may also be reluctant to invest in online projects due to fear of fraud and uncertainty about the viability of projects.

3.3 Regulations to complete

In the Moroccan kingdom, crowdfunding regulations remain incomplete, particularly in terms of equity and transparency in the use of the funds collected by the project leader to finance others activities related to their main activity and therefore not indicated in the application for approval initially formulated. This can deter companies and potential investors.
from participating in this type of financing. It is important that the authorities establish clear and consistent regulations to encourage the growth of this model.

3.4 Competition with traditional sources of funding

Crowdfunding also faces competition from traditional funding actors, such as banks and institutional investors. Small businesses and entrepreneurs may prefer traditional funding sources due to their ease of access and already established reputation.

3.5 Crowdfunding trends and perspectives in Morocco

In Morocco, crowdfunding is constantly evolving and new trends appear every year. In 2021, crowdfunding has increasingly focused on the technology, environment and culture sectors, as we have shown through the examples cited above. Moroccans show great interest in innovative, sustainable and local projects, as well as those that contribute to improving the quality of life in the country.

Crowdfunding platforms are constantly evolving to provide quality services to contributors and project leaders. They are also developing guarantee systems to boost the confidence of contributors and encourage them to support even more projects.

CONCLUSIONS

Considering the positive evolution of crowdfunding in Morocco, it is clear that this sector has enormous growth potential. Crowdfunding platforms can continue to inspire future projects by exploring new areas such as social innovation, female entrepreneurship, sustainable agriculture, etc.

In addition, these platforms can also explore new financing models, such as guaranteed crowdfunding, which allows investors to benefit from a guarantee on their investment.
Finally, crowdfunding platforms can also continue to develop partnerships with public and private organizations to promote the use of crowdfunding as an alternative financing tool.

DISCUSSION

Crowdfunding in Morocco offers many opportunities to stimulate economic growth, support local initiatives and promote financial inclusion. However, to realize its full potential, it is important to overcome the challenges of low levels of awareness, competition with traditional sources of funding, weak regulation and the lack of reliable crowdfunding platforms. Moroccan authorities can play a key role by establishing clear regulations and supporting initiatives to promote this financing model in the country.

Crowdfunding can provide opportunities for Moroccan investors to diversify their investment portfolios and support projects that have a positive social and environmental impact. It can also be used to support cultural, artistic and humanitarian projects, thus stimulating cultural diversity and citizen participation in economic development. The examples cited show that it is a very effective tool for financing various projects, ranging from social and environmental initiatives to cultural and innovative technology projects.

In sum, crowdfunding in Morocco has significant potential to foster entrepreneurship, economic growth and financial inclusion, but it is important to work to overcome the current challenges to make the most of it. The government, businesses and investors can all play a key role in stimulating its development in the country, thus providing new opportunities for economic actors and all its citizens.
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