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Fund Transfers by Moroccan Expatriates: Context, Evolution and Prospects for Capacity-building

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Foreword

Remittances represent a source of external financing for recipient countries. However, two interdependent factors point to a decrease or stagnation of fund transfers to migrants' family members. The trend toward the permanent settlement of new generations in the host country and the disappearance or gradual loosening of migrants' family ties with their home country may cause remittances to shrink over time.

Aware of these problems, the home country of Moroccan expatriates has tried to mobilize savings and remittances, in order to channel them more effectively into development and productive investments, mainly by improving (i) national strategies and policies focused on the diaspora; (ii) financial and institutional infrastructure supporting fund transfers; (iii) investment opportunities; and (iv) statistics and data/information on workers' remittances.

The ECA Subregional Office for North Africa and the Economic and Social Commission for Western Asia (ESCWA) organized a meeting of experts on 1 and 2 February 2016 in Rabat to analyse and share experiences and best practices regarding the optimal use of migrants' savings and remittances for financing economic and social development. Experts selected on the basis of their expertise and experience in the field participated in this workshop, during which the results of a study on migrant remittances and their role in the economic development of Morocco were presented. The contributions of participants enhanced this report.

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Context

Migration issues are of central concern for both home and host countries. They affect several dimensions, namely, economic, social, cultural and even security. In fact, emigrant remittances take on significant importance in the lives of the people who receive the funds and constitute a major source of financing of recipient economies and a lever of economic and social development. They reduce chronic balance of payment deficits by influencing foreign currency needs, in a context of periodic tensions and financial stability in home countries. Moreover, in several southern countries, these transfers have greatly helped meet the needs of families staying in the country, allowing large segments of the population, generally underprivileged, to get out of vulnerable, precarious situations. In other cases, these transfers have even promoted investment in economic activities, thereby creating job opportunities, even on a more or less reduced scale, and generating additional revenues.

A quick look at the literature on the fund transfer issue reveals that the dynamics of the latter are determined by several proven interdependent factors. The flow of remittances by migrants is correlated to their income level, their savings capacity, as well as their desire to repatriate their savings to the country of origin. Other determinants include the migrant's emigration seniority, family situation, level of education and extent of socioeconomic integration into the country of residence. Of course, the migrant's future intention to return to the home country significantly influences the volume and frequency of remittances.

Generally, migrants rely on a wide range of formal and informal devices for transferring money, from transportation by migrants themselves or by third parties, to less regulated devices, including electronic transfers through postal services, banks, mutual credit companies and fund transfer companies. The costs of these transfers vary according to the options offered.

Another loosely mentioned type of emigrant contribution is related to their status as direct players in the development of their country of origin. Many migrants mobilize around associations in order to bring their contribution and assistance to their home communities, thereby generating a local dynamic and reducing the inequality of opportunity that characterizes most developing countries.

In addition to these preliminary elements on the transfer issue, it should be pointed out that today's global economic crisis pushes many emigrant countries of residence to covet the manna of transfers by establishing incentive mechanisms for harnessing emigrants' savings and channelling them into their economies. Far from being a form of transfer restriction, this reality is in keeping with the international competition being waged between banks and financial institutions to access savings.

Another aspect that has garnered attention over the past few years concerns the control of transfers by host and home countries in order to prevent illegal forms of transfers from turning toward illicit activities, as part of the international initiative aimed at draining the financing sources of terrorist activities and those of organized crime.

1. Objectives

The study is part of a project directed by the ECA Subregional Office for North Africa, in cooperation with the Economic and Social Commission for Western Asia (ESCWA). It is aimed at analysing, using the comparative approach, the dynamic of fund transfers from the foreign nationals of three countries in the North Africa subregion (Algeria, Morocco and Tunisia).

The Morocco case study is therefore aimed at identifying the dynamics and determinants of the remittances of Moroccans living abroad, and particularly those intended for investment for a possible inter-Maghreb comparison, that may help draw lessons and identify the best practices for the region.

The main purpose of the study (according to the terms of reference) is to analyse the general context and dynamics of Moroccan emigration, as well as the determinants for fund transfers, particularly those intended for investment.

Schematically, the study will meet the following objectives:

- a) Highlight the general characteristics of Moroccan emigration and its dynamic in terms of generation profiles of Moroccan expatriates, as well as their geographic presence;
- b) Examine the institutional and incentive framework established to support Moroccan expatriates, with special attention to transfers;
- c) Interpret and identify transfer prospects taking several endogenous and exogenous parameters into account;
- d) Propose action levers likely to promote the sustainability of transfers and help rebalance these transfers in favour of investment activities.

2. Methodological approach

The nature of the study, despite its obvious economic dimension, requires the use of various types of analytical tools - sociological, institutional and regulatory, for example – in order to understand and ascertain the contours and implications of the transfer dynamic.

The sociological dimension of the study can be explained by the need to understand the behaviour of different generations of emigrants and their motivation for making fund transfers. The institutional aspect must be analysed when questioning its efficiency and governance in maintaining ties with Moroccan expatriates and meeting their many expectations. The regulatory aspects are also important, mainly for assessing the quality of the investment climate and the extent to which the incentives put in place for the benefit of Moroccan expatriates are reliable or weakened by constraints.

The approach is also based on previous changes in migration and fund transfers. The retrospective will definitely be used to understand certain changes, but the need to make policy recommendations would require medium- and long-term forecasts.

While favouring a multidimensional approach, the study is based on the overall analysis work and the national and international reports produced on themes related to the problem of fund transfers by Moroccan expatriates.

The data taken into account are both quantitative and qualitative. They stem from available, recent primary or secondary (reliable) sources. Data collection covers the period between 2002 and 2013 and, in some cases, includes historical data for the purposes of assessing evolution. These data were enhanced by discussions with resource people reporting to the structures listed below and justly considered indispensable. Questionnaires were prepared and distributed among the banks involved in the study (Banque populaire, Attijariwafa Bank, Banque Marocaine du commerce extérieur (BMCE), Bank Al Amal, Barid Bank¹, Bank Al Maghrib), as well as among various institutions: Regional Investment Centers (Centres régionaux d'investissement (CRI)), Foreign Exchange Office (Bureau d'Échanges, Moroccan Securities Ethics Council (Conseil déontologique des valeurs mobilières (CDVM)), Fondation Hassan II pour les Marocains résidant à l'étranger (Hassan II Foundation for Moroccans Living Abroad), Ministry in Charge of Moroccans Living Abroad (Ministère chargé des Marocains Résidant à l'Etranger (MCMRE)), Fondation pour la création de l'entreprise of the Banque populaire, etc.

It would have been preferable to round out the analysis with surveys of Moroccan expatriate associations in order to get their perspective on the study, especially the aspects related to fund transfer determinants, transfer methods, transfers costs, investment and related difficulties, and their involvement in the co-development process. The only contact established in this regard was with the Club des investisseurs Marocains de l'étranger.

Schematically, this report has three central themes. The first concerns the general situation of Moroccans living abroad and the main sociodemographic characteristics. The second deals with the main features of Moroccan expatriate fund transfers. It presents a few analytical elements for understanding the strengths and weaknesses of transfers, as well as the opportunities and risks. The third covers policy recommendations, for the purposes of lifting the constraints weighing on fund transfers and boosting the contribution of these transfers to Morocco's development.

3. Limits of study

Despite methodological precautions and the initial ambition to conduct as thorough an analysis as possible on the theme of fund transfers, several constraints surfaced during the course of the study:

a) The data provided by the institutions involved are characterized by its heterogeneity, making it impossible to clearly establish the profile of the Moroccan expatriate population.

b) The information is fragmented regarding fund transfer data, a problem compounded by the confidential nature of this theme. The confidentiality clause linking Bank Al Maghrib to the other banks makes access to detailed data virtually impossible.

¹ Only the Banque populaire and Attijariwafa Bank responded to the questionnaires, with some reservation about certain questions related mainly to the evolution of data on deposits and transfers by Moroccan expatriates, investment and transfer costs.

c) The use of the annual reports of the banks involved in the study was the only way to compensate for the lack of information.

d) The difficulty of ascertaining the migration dynamic in relation to the sociopolitical transformations in certain Arab countries and the intensity of the economic crisis in Europe introduces new divisions that are sure to modify the geographic profile of Moroccan migration and the resulting fund transfer dynamic.

e) The multiplicity of investment players, the socioeconomic support provided to Moroccans living abroad and in fund transfer activities.

f) The gender dimension is generally not taken into consideration in data related to investment and fund transfers by Moroccans living abroad.

g) The impact studies carried out by certain institutions are not made available to researchers. These studies would have fostered discussion and provided a comparative framework for results.

Chapter 1

Moroccan community established abroad: current situation

An examination of the Moroccan emigration dynamic from a historical perspective and on the basis of the legal instruments in place is necessary in order to highlight the distinctive features of this emigration. This exercise is motivated by a desire to place the migration dynamic in an international context, so as to identify the factors that influence its current and future evolution.

1. Historical overview of Moroccan emigration

The number of Moroccans living abroad has been increasing steadily since the early 1960s, according to rates strongly correlated to the host countries' migration policies. It has tripled over the past 25 years and been characterized by a strong polarization of migration flows in European countries.

In addition to focusing more on family migration (family reunification² and formation), European migration policies have sought to regularize the situations of migrant workers in irregular situations, particularly in Spain and Italy. Emigration countries themselves—Spain, Italy and even Portugal—have emerged as new destination countries since the mid-1980s.

Until Italy and Spain introduced visa requirements in 1990 and 1991, respectively, Moroccan migrants could enter as tourists and stay until their visas expired. On several occasions since the late 1980s, the Italian and Spanish governments have implemented numerous procedures to regularize the resident status of Moroccans and other migrants.

Also, the restrictive policy aimed at curbing the flow of Moroccans to Europe created four forms of emigration, some of which already existed, though on a reduced scale:

1. Seasonal emigration;
2. Female migration;
3. Skills exodus or brain drain;
4. Irregular migration.

In short, emigration to Europe explains the physical presence of a strong pluralistic Moroccan community with a highly diversified population in terms of age, gender, socio-professional category, social status, standard of living, expectations and needs.

The saturation of Europe's immigration absorption capacity led to the emergence of new emigration destinations, which include Arab countries, North American countries and, to a lesser extent, West African countries.

² Two types of reunification: primary reunification involving families who join the original immigrant workers; and secondary reunification involving those who, after marriage, join their spouse who was either born in the host country or immigrated there at a young age.

2. Legal framework of bilateral cooperation in the migration field

The legal framework of bilateral relations between Morocco and the host countries of Moroccan expatriates integrates labour and social security agreements³. The main purpose of these agreements is to protect Moroccan workers abroad and establish the terms and conditions of their recruitment, job conditions and transfer and settlement and to coordinate the social security legislation of two or more countries in favour of these countries' nationals who move into the territory of another country.

These bilateral agreements constitute the instrument for managing Moroccan migration flows to the main partner countries, namely France, Germany, Belgium, the Netherlands, Spain and Italy. They are often developed on the basis of reciprocity. For example, the agreement signed with France on June 1963 stipulates, in article 8, that Moroccan workers on French territory benefit from the same treatment as French workers in terms of conditions related to hygiene, security, housing, salary, paid leave and unemployment benefits.

The halt of migration to the traditional destinations of Moroccan emigrants led Morocco to sign the same types of agreements with the Gulf countries in the 1980s. It went on to sign other agreements with recent immigration countries like Spain, on July 25, 2001, and Italy, on November 21, 2005.

In terms of social security, since its independence and to maintain the vested rights of its nationals, Morocco has concluded several agreements in this area. To date, 18 agreements have been signed, 15 of which are ratified and effective and three of which are signed and not yet ratified.⁴

Considered modest compared to European instruments, these agreements are of considerable importance to the Moroccan community.

³ The rights provided by these agreements are pensions, family allowances, daily health or maternity benefits, death allowance and occupational accident and industrial disease insurance. Some agreements also cover medical care.

⁴ A signed agreement is applicable only after being subject to the constitutional ratification procedures in the two contracting countries and after the exchange of ratification letters between the latter through diplomatic channels.

Table 1

Summary of labour and social security agreements between Morocco and the main host countries

Country	Labour agreement	Social security agreement	
	Signature date	Signature date	Effective date
Germany	21 May 1963 ⁵	25 March 1981 and ratified 18 January 1983	Effective 1 August 1986
France	1 June 1963	Signed 9 July 1965 and revised 22 October 2007 in replacement of the agreement of 9 July 1965; Ratified by France, 3 January 2011	Effective 1 June 2011
Belgium	17 February 1964 ⁶	Signed 24 June 1968 and ratified 1 February 1971	1 August 1971
Netherlands	14 May 1969	Signed 14 February 1972 and ratified 30 August 1975	Effective 1 January 1973; revised twice 30 September 1996 and 24 June 2002
Spain	3 June 1964 ⁷ 6 February 1996: Residence and work permit agreement • 15 July 2001: Bilateral labour agreement.	8 November 1979 and ratified 22 December 1980	Effective 1 October 1982
Italy	10 December 1993: Agreement on the residence and work conditions of Moroccan nationals in Italy and Italian nationals in Morocco. • 21 November 2005: Bilateral labour agreement.	18 February 1994 and ratified by Morocco 29 April 1998; not ratified by Italy	
Canada		1 July 1998	1 March 2010
Quebec		25 May 2000	1 December 2010
Sweden			4 January 1980
Denmark		26 April 1982	
Romania		27 July 1983	
Portugal		15 November 1998	
Tunisia		5 February 1987	

⁵ Signature of a labour recruitment treaty in Bonn with the Kingdom of Morocco for its coal mines. Most Moroccans settled in Germany are originally from the regions of Rif and Oujda. Since the 1990s, there has been some diversification in the profile of Moroccans in Germany (Berriane 2013).

⁶ In 1960, Moroccans appeared in Belgian statistics for the first time (461 Moroccans); this bilateral agreement permitted the influx of a large number of migrant workers. Since 1974, the year marking the formal cap on migration in Belgium, the profile of Belgian migration has changed significantly with family reunification and a strong trend toward feminization.

⁷ Annulled following a decision by the Government of Spain on 15 April 1991 impacting Moroccan cross-border mobility toward this country. The regularization process for foreigners was triggered.

Libya	4 August 1983		
Jordan	20 April 1983		
Iraq	20 May 1981		
Qatar	17 May 1981		
United Arab Emirates		22 December 1981	

Source: National Social Security Fund (Caisse nationale de sécurité sociale (CNSS)) and various publications.

3. Mapping of the Moroccan expatriate community

At the end of December 2013, the Moroccan expatriate community was estimated at 3,736,141 nationals, or 10 per cent of Morocco's total population. This community has evolved at an unprecedented rate of more than 100 per cent over the past 15 years.

This total should also include the 30 per cent increase declared by the Directorate of Consular and Social Affairs (Direction des affaires consulaires et sociales (DACS)), to take into account the binationals who do not appear in the statistics of the countries of residence as long as they are holders of the nationality of the host country, in addition to illegal migrants.

Moreover, this evolution of the Moroccan expatriate population does not take into account return migration due to regional conflicts in North Africa and the Middle East and the financial and economic crisis.

Table 2

Evolution of the Moroccan expatriate community (1998-2013)

	1998	2000	2002	2004	2006	2013
Moroccan expatriate population	1 662 870	2 098 187	2 549 215	3 089 090	3 300 000	3 736 141
Annual increase in numbers		+ 435 317	+ 451 028	+539 875	+ 750 785	+436 141
Annual increase as a percentage		+26	+21.5	+21	+29	+13
Increase as a percentage over the period			+53	+85.7	+98.45	+124.68

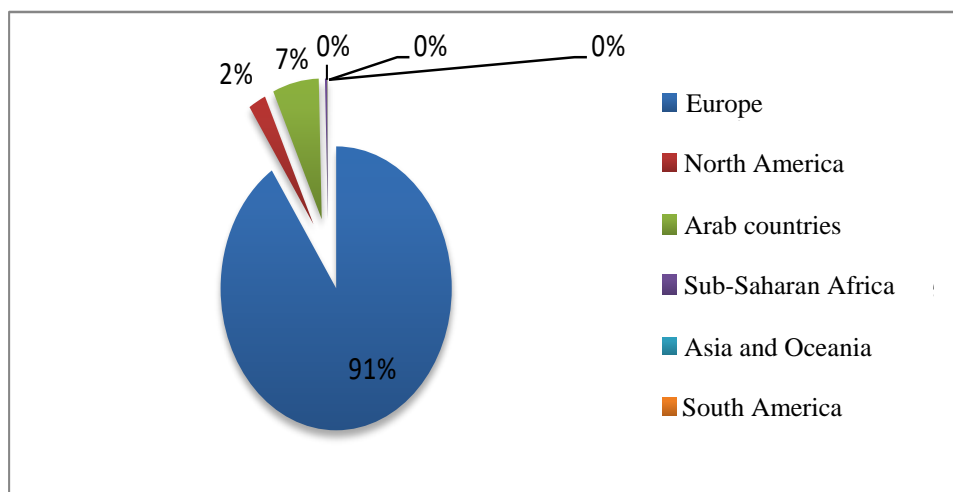
Source: Directorate of Consular and Social Affairs, Ministry of Foreign Affairs and International Cooperation (calculations by author).

This remarkable evolution of the Moroccan community requires the public authorities to adapt to a multitude of needs on many levels (social, educational, cultural and cultic, economic, financial, etc.). It also requires the banking sector to permanently adapt its services to the needs of a young, educated population familiar with new information technology.

The Moroccan expatriate population is distributed by main destination as follows:

Figure 1

Global distribution of the Moroccan community in 2013

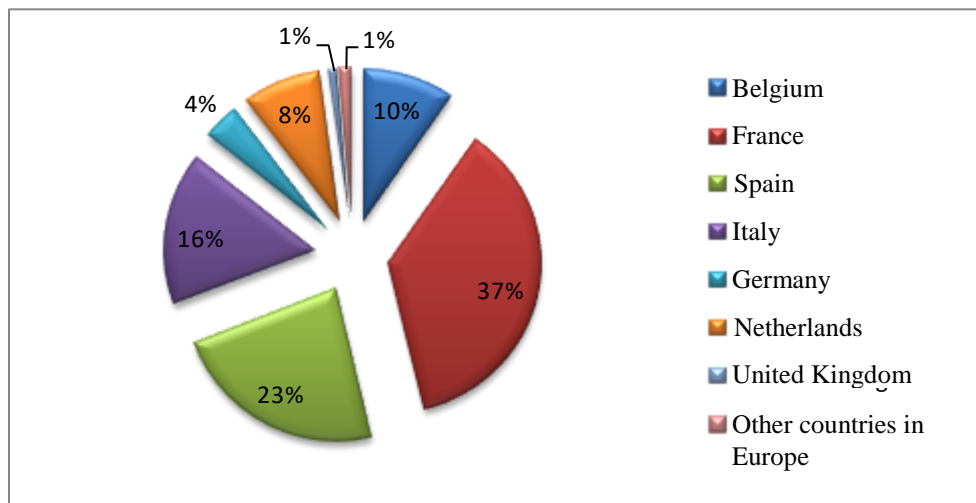


Source: Use of data of the Directorate of Consular and Social Affairs, Ministry of Foreign Affairs and International Cooperation (31 December 2013).

Moroccans living abroad are highly concentrated in European Union countries (91 per cent), while Arab countries constitute the second Moroccan immigration destination with 7 per cent. The main Moroccan Diaspora is still concentrated in traditional host countries. “Moroccan nationals rank second among non-EU foreigners in Spain, after Romania. “(Khaldi M, 2013, p. 279). In France, Moroccans rank second after the Algerian community. In Italy, the Netherlands and Belgium, the Moroccan community figures prominently among foreign migrants living in these countries.

Figure 2

European distribution of the Moroccan community in 2013



Source: Use of data of the Directorate of Consular and Social Affairs, Ministry of Foreign Affairs and International Cooperation (31 December 2013).

In France: With nearly 1.3 million Moroccans living in France, or 37 per cent of Morocco's expatriate population in 2013 according to the data of the Directorate of Consular and Social Affairs of the Ministry of Foreign Affairs and International Cooperation, France constitutes the primary Moroccan immigration destination. This diaspora continues to be fuelled by student migration and skilled migration. Considered old, Moroccan migration began during World War 1, which coincided with the signing of the protectorate. Moroccans mobilized in force to serve in France as soldiers or civilian workers. This migration trend continued, starting from the rural area and spreading throughout Morocco. The migration influx has continued to develop, mainly since the signing of the Morocco-France bilateral agreement. "There are almost as many women as men, and young graduates are increasingly replacing the semiskilled workers of old." (Charef M, 2013.p 313).

In Spain: The Moroccan community is characterized by its youth and increased feminization. It represents 23 per cent of the global Moroccan expatriate population according to the data of the Directorate of Consular and Social Affairs of the Ministry of Foreign Affairs and International Cooperation. "Since the 1990s, the Catalan region has been the main destination area with 32.9 per cent of the total in 2012, followed by Andalusia (15.1 per cent) and the Madrid region (10.5 per cent). More than half the Moroccan community (58.5 per cent) is concentrated in these three autonomous regions, where Moroccans represent more than 30 per cent of non-EU nationals. The Murcia and Valencia regions, two new Moroccan immigration destinations since the early 2000s, today account for 18.7 per cent of the total." (Khaldi M, 2013, p. 278). The economic crisis negatively impacted the Moroccan community in Spain, which was severely affected by unemployment. The crisis affected not only employees in the real estate sector, but also foreign independent workers operating small businesses.

In Italy: The Moroccan community only started to gain momentum in the 1970s. Italy has been a host country for Moroccan migrants mainly since the 1980s. According to Italian statistics, the Moroccan population in Italy more than doubled between 2001 and 2010, to the extent that the number of Moroccan migrants in Italy stood at 501,610 as at 1 January 2011,

representing 14.2 per cent ⁸ of all non-EU nationals living on Italian soil and ranking first among non-EU nationals with a predominantly young population. Gender-related data are more balanced (58 per cent men and 42 per cent women) in relation to other immigrants of African origin (Caruso, I. and Greco, S. 2013, pp. 342 and 345). Self-employment is a significant factor (business owners, artisans or merchants).

In Belgium: The demographic profile of the Moroccan population remains heterogeneous, reflecting the so-deemed old emigration dynamic. Family reunification since the 1970s has promoted the feminization of the initially predominantly male profile of this migrant population based on a rejuvenation of the Belgian-Moroccan population through both the migration of children born in Morocco and the enlargement of families in Belgium. That said, Moroccans migrants who arrived in Belgium between 1960 and 1980 are now at retirement age. “Nearly half is highly concentrated in the Brussels region and the rest is split between the Flemish region and the Walloon region.” (Rilke, 2013, p232).

In the Netherlands: The beginnings of Moroccan emigration to this country date back to the 1960s. Family reunification since the gradual tightening of the migration policy in the mid-1970s has been a factor in the feminization and rejuvenation of the Moroccan population that immigrated to the Netherlands. According to Netherlands statistics from 2012⁹, Moroccans from an immigrant background rank second after the Turks. The gender structure of the Moroccan population in the Netherlands has evolved from predominantly male to a more balanced ratio (48.5 per cent women), the number of young people under age 15 is significantly higher (more than 30 per cent for both sexes) due to the natural increase, considered high, among Moroccans (Refass, 2013, p. 384). Over 95 per cent of Moroccan workers have employee status. The self-employed and entrepreneur categories each represent only 6 per cent of the working population, nearly one third of which has an elementary education (Refass, 2013, p. 394). Initially progressive, the Netherlands immigration policy regarding the Moroccan community has become increasingly restrictive and selective ¹⁰, particularly following unilateral decisions related to restrictions of social security benefits for immigrants.

In Germany: Representing 4 per cent of the Moroccan community according to the data of the Directorate of Consular and Social Affairs of the Ministry of Foreign Affairs and International Cooperation, Moroccans became naturalized nearly 3 times more than Turks, which shows a strong desire to integrate¹¹. Morocco ranks first among North African countries for naturalized citizens demonstrating a strong attachment to Morocco (second and third generations). “The age pyramid of Moroccans settled in Germany in 2011 indicates a high number of young adults between 20 and 45.” “In 2010 and 2011, 75 per cent of Moroccan-born citizens worked in the service industry, compared to only 20 per cent in the manufacturing industry and 4 per cent in the construction industry.” (Bouras-Ostmann, 2013, pp. 195, 198).

In the United Kingdom of Great Britain and Northern Ireland: The number of Moroccans in this country was estimated at 28,274 in 2013 according to the data of the Directorate of Consular and Social Affairs of the Ministry of Foreign Affairs and International Cooperation. “The age of 51 per cent of the population ranges from 30 to 44, which corresponds to the

⁸ This community represents 17 per cent according to the data of the Directorate of Consular and Social Affairs.

⁹ The workforce of the Moroccan population totalled 362,954 in 2012, compared to 280,264 in 2013 according to the data of the Directorate of Consular and Social Affairs, Ministry of Foreign Affairs and International Cooperation.

¹⁰ Tightening of provisions regarding family integration since November 2004 and encouragement of skilled immigration.

¹¹ Statistisches Bundesamt, 2012.

children of the first Moroccan migrant workers who arrived during the 1960s and the wave of family migration of the 1970s. The gender of the Moroccan population remains predominantly male (45 per cent women).” (Cherti, 2013, p. 427). Moroccan migration to the United Kingdom in the mid-1980s, with young entrepreneurs, and the early 1990s, with skilled migrants, could play an important role in the development of Morocco.

In Canada: The profile of Moroccan immigration is totally different from that of migrants to European and Arab countries. First Maghreb community and second country after Lebanon in terms of migration workforce on Canadian soil (Abdelmoula, 2013, P. 479), the Moroccan community shows a trend toward feminization that verges on gender parity, with 53.4 per cent men and 46.6 per cent women. Moroccan immigrants can be divided into four categories: workers with quite a high level of education, those arriving through family reunification, students, and investors and entrepreneurs (Abdelmoula, 2013, pp. 477 and 478). The Moroccan community experiences problems related to non-recognition of qualifications and degrees obtained abroad, and integration into the labour market (Abdelmoula, 2013).

In the United States of America: The Moroccan immigrant community remains small, estimated at 2.62 per cent in relation to the immigrant population hailing from the Middle East and North Africa and living in the United States in 2011. Estimated at 66,352 according to the data of the American Community Survey, this population has declined. It stood at 35,306 in 2013, according to the data of the Directorate of Consular and Social Affairs of the Ministry of Foreign Affairs and International Cooperation. It remains concentrated mainly in the states of New York, Florida and California. Its young demographic remains one of the main features of this community compared with other ethnic groups originating from the Middle East and North Africa. The financial, professional and educational status of Moroccans is inferior to that of other groups, except other African countries. This situation varies between Moroccans born in the United States and those born abroad (Beveridge and Al, 2013).

In Arab countries: In 2013, the Moroccan community in Arab countries represented only 6 per cent of the Moroccans in the world, compared to nearly 9 per cent in 2002, according to the data of the Directorate of Consular and Social Affairs of the Ministry of Foreign Affairs and International Cooperation, with a high concentration in the Gulf countries, mainly Saudi Arabia, followed by the United Arab Emirates, and a strong presence, by order of importance, in Libya, Algeria and Tunisia with “a trend toward the feminization of the migrant population representing 43.62 per cent of migrants to Arab countries, versus 6.73 per cent of all migrant women worldwide in 2012.” (Ezzine, 2013, p. 581). Although the situation did not evolve between 2002 and 2013, there was a relative change in workforce and distribution in light of the political and economic climate, as well as opportunities offered by the Arab labour market. Interstate tensions and wars, as well as noncompliance with labour immigration laws, have made Moroccan immigrants vulnerable and explain, among other things, the reported decline in immigration to Arab countries.

In sub-Saharan Africa: The Moroccan presence in West Africa, mainly Senegal and the Ivory Coast, is in keeping with historical and cultural links. The latter explain the integration of Moroccan immigrants, mainly the first generations (case of Senegal). This migration continues to be characterized by businessmen, with a trend toward feminization related to family reunification or labour migration. (Abou El Farah, 2013). The mapping of the overall Moroccan expatriate community helped highlight its evolving nature. The influence of the external context is noteworthy, in that it signals the emergence - albeit slow - of a new geographic distribution of Moroccans living abroad. This new distribution, even though it is

inconsistent in terms of migrant flow, could be accompanied by a new transfer dynamic, given the nature of migrant integration and the economic outlook of the host countries.

In short, the new Moroccan emigration destinations should definitely breathe new life into fund transfers. The migrant profile, consisting more of young adults with a relatively high level of education, is another important parameter that could affect the volume and use of fund transfers. These elements will be covered in the following chapter.

Chapter 2

Dynamic of Moroccan expatriate fund transfers

The transfers of Moroccans living abroad play an important role in the economic and social sectors. They contribute significantly to Morocco's external financial stability. These transfers have evolved substantially in relation to the Moroccan emigration dynamic and changes in the migration policy of the host countries, mainly those in Europe.

1. Recent trends regarding Moroccan expatriate fund transfers

The proactive policy pursued by Morocco over the past few years and the institutional architecture it produced helped thwart European integration policies aimed at, among other things, channeling funds to meet the needs of their economies. As a result, fund transfers tripled during the 1980 decade and multiplied by 2.5 during the 1990 decade.

The evolution observed in 2001 was exceptional. It actually coincided with the creation of the Euro and the emergence of a feeling of insecurity among migrants in the host countries following the September 11 attacks, which led to the introduction of new fund transfer restrictions, as part of the fight against terrorism.

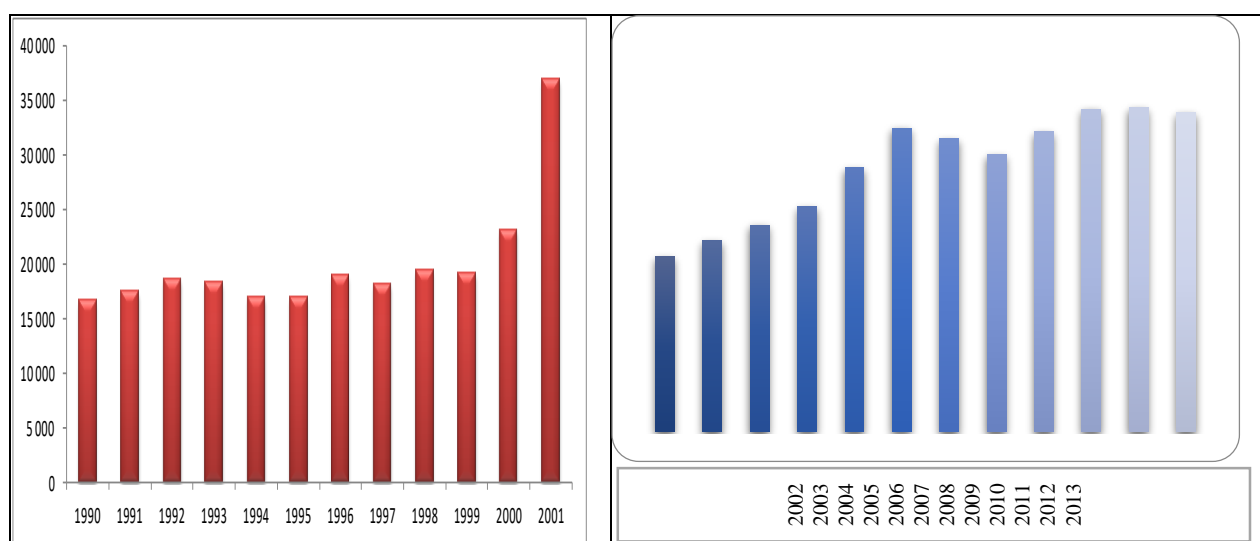
Between 2002 and 2013, transfers by Moroccans living abroad grew at an average rate of 4 per cent, compared with 12 per cent between 1990 and 2001. This downturn can be explained by the difficult economic context in Europe, marked by the economic and financial crisis. Nonetheless, starting in 2011, a new albeit slightly fluctuating dynamic emerged with sustained transfer flows reaching about 58 million Moroccan dirhams in 2012 and 2013. Obviously, this dynamic reflects the resilience of Moroccan migrant transfers in the face of the crisis. However, this global evolution hides some disparities from one host country to the next.¹²

Apart from the financial and economic crisis in Europe, the factors underlying the increase in the volume of transfers from Europe are as follows:

- a) The growing number of migrants over the past 20 years;
- b) The efforts made by the public authorities through the creation of dedicated institutions and the implementation of attractive measures promoting official transfer channels;
- c) The public relations approach of Moroccan banks, namely the Banque populaire, Attijariwafa and the Banque Marocaine du commerce extérieur (BMCE), evidenced by the previous establishment of branches in European countries, the creation of bank products adapted to this segment and the drop in transfer costs;
- d) Lastly, the salaries and social benefits of the European countries remain higher compared to the other continents.

¹² Spain and Italy were seriously affected by the crisis, which explains, among other things, the decrease in flows, which are dependent on the economic situation of the host countries.

Figure 3
Evolution of Moroccan expatriate fund transfers (1992-2013)¹³



Source: Data from the Foreign Exchange Office (Office des changes).

2. Transfer dynamic by region and country

The volume of transfers by Moroccans living abroad generally reflects the positioning of the Moroccan community. France tops the list of fund transfer countries in relation to the workforce of the Moroccan community in this country. However, the transfer average per migrant reflects another reality insofar as the United Arab Emirates comes first, followed by the United States and Saudi Arabia. Migrants in these three countries send more funds to Morocco than migrants in Europe, as the following table demonstrates:

Table 3
Evolution of Moroccan expatriate fund transfers by country, 2013

Country	Moroccan expatriate transfers and share per country			Moroccan expatriate workforce and share per country			Average transfer per migrant	Rank
	Amount in Moroccan dirhams	Per cent	Rank	Workforce	Per cent	Rank		
France	21 443	37.1	1	1 238 184	33.65	1	17 318	5
Italy ¹⁴	5 638.3	9.7	2	558 492	15.18	3	10 096	7
Spain	5 037.6	9	3	779 117	21.17	2	6 466	9
United Arab Emirates	3 805.7	7	4	25 105	6.8	6	151 591	1

¹³ These transfers do not include current transfers of Moroccan expatriates (social transfers, donations and others), which reached 11,598 million Moroccan dirhams in 2013, compared with 4,598 million Moroccan dirhams in 2002, an increase of 39.64 per cent (data taken from the same source).

¹⁴ Morocco is ranked fourth among the seven main recipients of transfers from Italy, but with relatively lower transfers compared with China, Romania and the Philippines.

United States of America	3 238.8	6	5	35 306	0.96	9	91 735	2
Saudi Arabia	3 202.1	6	5	41 799	1	8	76 607	3
Belgium	3 136.6	5	6	326 779	9	4	9 599	8
Germany	2 162,1	4	7	133 948	4	7	16 141	6
Netherlands	1 787.8	3	8	280 264	8	5	6 379	10
United Kingdom	1 320.5	2	9	28 274	1	8	46 704	4
TOTAL	57 850.4			3 679 827			15 721	

Source: Foreign Exchange Office and Directorate of Consular and Social Affairs (DACS) (calculations by author).

In 2013, Morocco ranked 16th internationally in terms of fund transfers and 3rd in the Middle East and North Africa region, just after Egypt and Lebanon. The demographic differential with Egypt largely explains the variance in transfer flows with Morocco. In the case of Lebanon, this variance can be explained by the pioneering nature of Lebanese emigration, which dates back to the beginning of the last century, and the extent to which these emigrants, comprised mainly of businessmen with a strong attachment to their country of origin, integrate into the host countries.

Figure 4
Global positioning of Morocco (in billions of US\$)

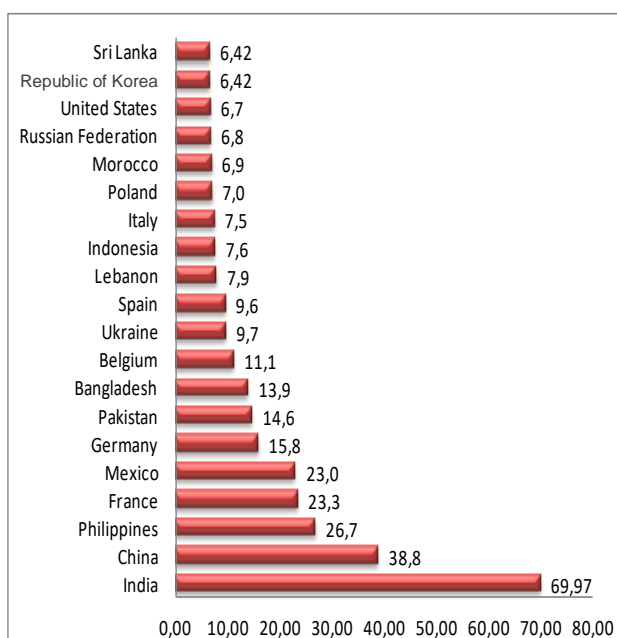
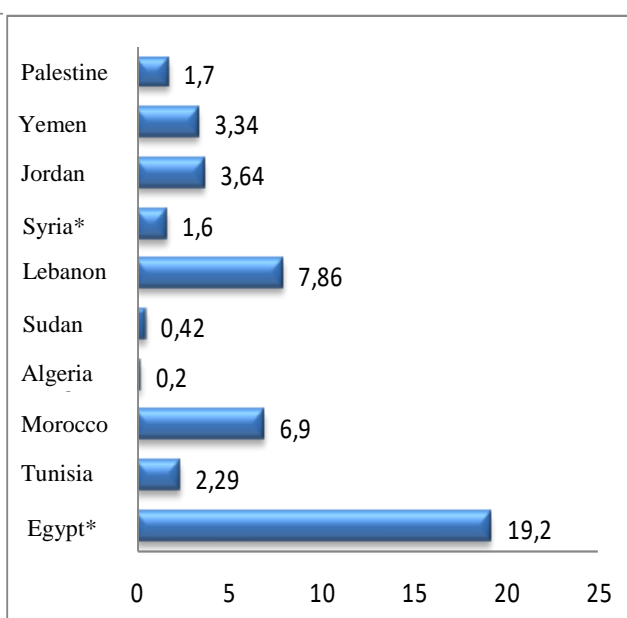


Figure 5
Positioning of Morocco in the MENA region (in billions of US\$)



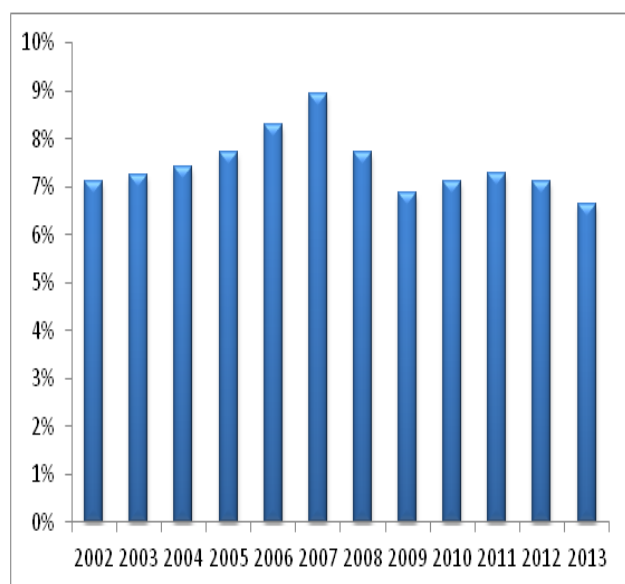
Source: World Bank, 2013. World Development Indicators/ (*) Syria (2010), Egypt (2012).

3. Contribution of fund transfers to Morocco's economic growth and development

The impact of fund transfers on the macroeconomic stability of a country like Morocco is very significant. They contribute not only to the GDP and, in particular, the partial resorption of the trade deficit, but also to the creation of a virtuous dynamic within the country. In addition to the economic impact, the social impact is also substantial.

Figure 6

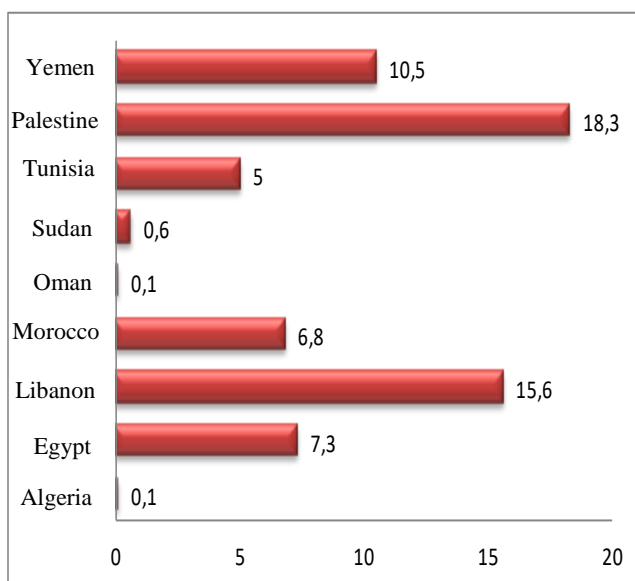
Evolution of the weight of Moroccan expatriate fund transfers/GDP



Source: Foreign Exchange Office/HCP (calculations by author).

Figure 7

Positioning of Moroccan expatriate fund transfers/GDP in the MENA region (2012)



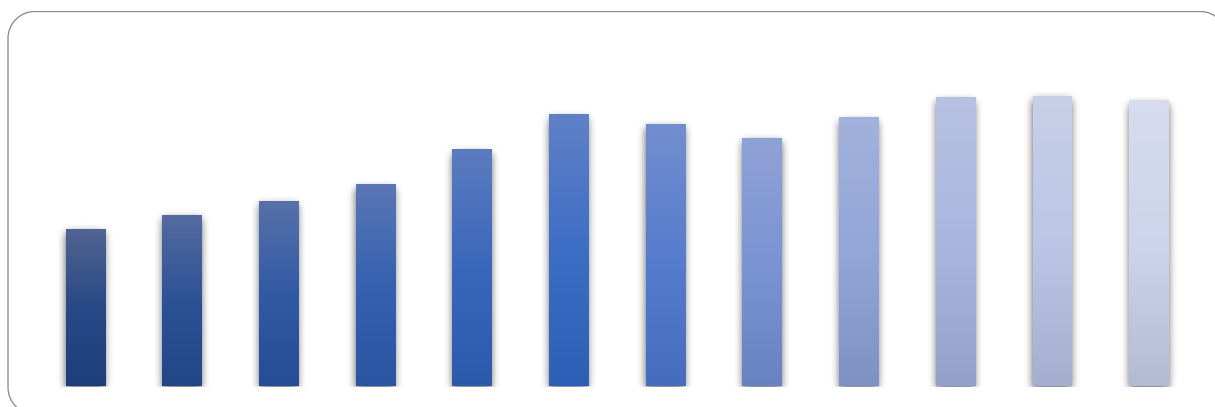
Source: World Development Indicators (2013).

In 2013, the amount of transfers by Moroccan expatriates reached 57.9 billion Moroccan dirhams, representing 6.6 per cent of Morocco's GDP. This percentage increased significantly in 2007 to 9 per cent of GDP, before declining in 2008 under the effect of the global economic crisis. The average share of fund transfers by Moroccan expatriates stood at about 7.5 per cent during the 2002-2013 period.

In terms of the weight of fund transfers in the GDP, compared with certain countries in the Middle East and North Africa region, Morocco ranks first throughout the Maghreb, followed by Tunisia, while Algeria ranks fifth after Palestine, Lebanon, Yemen and Egypt.

Transfers by Moroccan expatriates weigh heavily in gross national savings. In 2013, these transfers represented 25 per cent of gross national savings, down from 28 per cent in 2012. This share averaged 25 per cent during the 2002-2013 period (see figure 8).

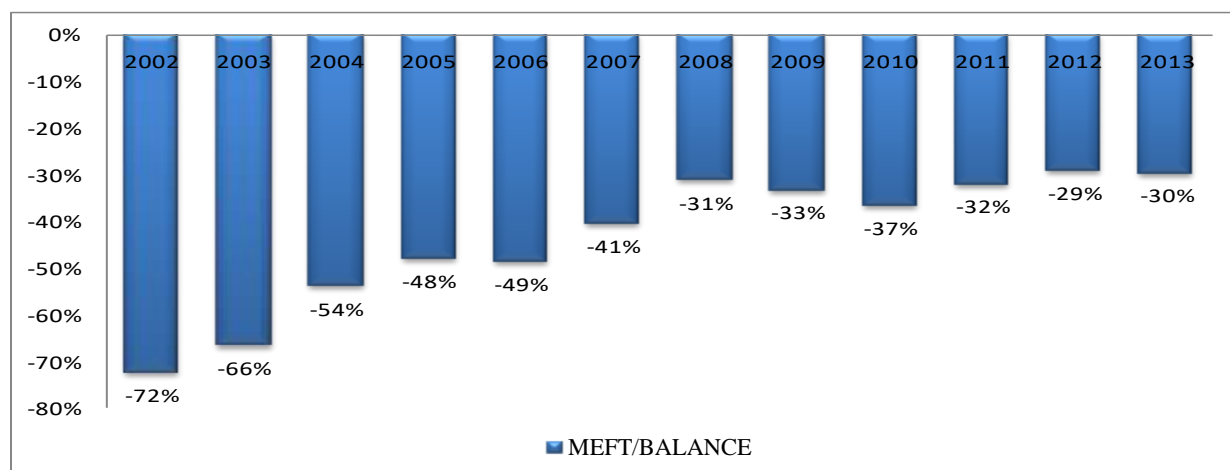
Figure 8
Share of Moroccan expatriate fund transfers in gross national savings



Source: Foreign Exchange Office and Directorate of Consular and Social Affairs (DACS) (calculations by author).

In this regard, the contribution of fund transfers to Morocco's trade balance is significant. Fund transfers by Moroccan expatriates covered 30 per cent of the trade deficit in 2013 (see figure 9). This coverage rate averaged 43 per cent during the 2002-2013 period, peaking at 72 per cent in 2002.

Figure 9
Percentage of trade balance covered by Moroccan expatriate fund transfers (2002-2013)

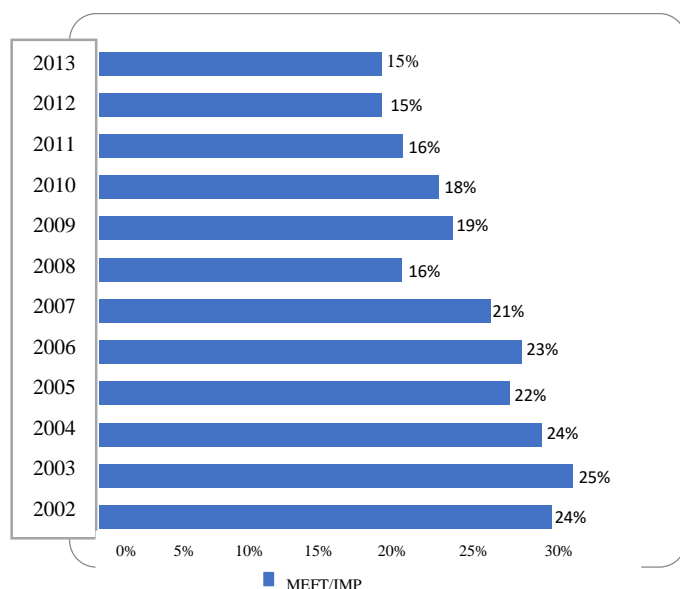


Source: Foreign Exchange Office/HCP (calculations by author) (including temporary admissions).

An analysis of the evolution of fund transfers by Moroccan expatriates shows that their share in relation to imports and exports is in keeping with a downward global trend. This evolution is completely understandable, given Morocco's rapid trade growth following the policy of openness initiated by the country through the many free trade agreements concluded during the 2000 decade.

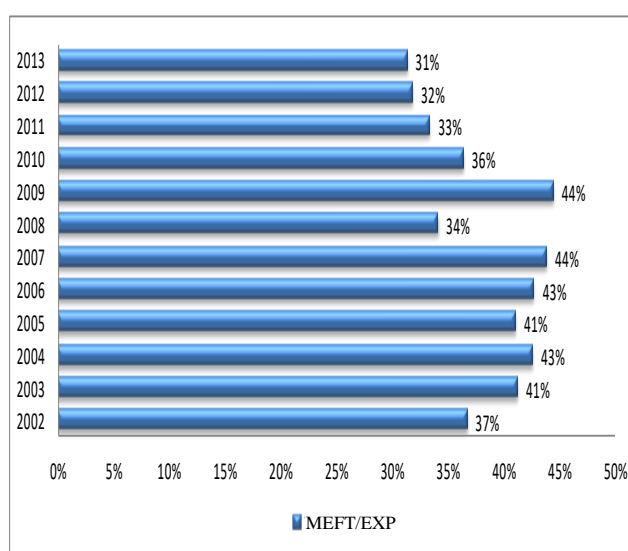
In 2013, fund transfers by Moroccan expatriates represented 31 per cent of the value of exports and 15 per cent of the value of imports. These rates averaged 38 per cent for exports versus 20 per cent for imports during the period 2002-2003.

Figure 10
Share of Moroccan expatriate fund transfers in imports



Source: Foreign Exchange Office/HCP (calculations by author) (including temporary admissions).

Figure 11
Share of Moroccan expatriate fund transfers in exports



Source: Foreign Exchange Office/HCP (calculations by author) (including temporary admissions).

On a different note, it should be pointed out that countries with whom Morocco posts the largest trade deficit constitute, all else being equal, the source of fund transfers by Moroccan expatriates. These countries are mainly in Europe, particularly France, Spain and Italy.

Table 4

Moroccan expatriate fund transfers and trade deficit with certain countries (in millions of Moroccan dirhams) in 2013

COUNTRY	Imports	Exports	Trade balance (2)	MEFT (1)	Coverage rate (1/2)
France	49 122 818	39 542 864	-9 579 954	21 443 000	-2,24
Italy	18 220 509	6 848 627	-11 371 882	5 638 300	-0,50
Spain	51 450 686	34 826 579	-16 624 107	5 037 600	-0,30
United Arab Emirates	3 911 029	483 589	-3 427 440	3 805 700	-1,11
United States of America	26 371 051	6 977 283	-19 393 768	3 238 800	-0,17
Saudi Arabia	23 400 485	733 249	-22 667 236	3 202 100	-0,14
Belgium	6 772 343	4 756 248	-2 016 095	3 136 600	-1,56
Germany	16 032 630	5 499 257	-10 533 373	2 162 100	-0,21
Netherlands	5 289 200	5 021 164	-268 036	1 787 800	-6,67
United Kingdom	7 177 414	4 991 059	-2 186 355	1 320 500	-0,60
Total	379 919 698	184 684 817	-195 234 881	57 850 000	-0,30

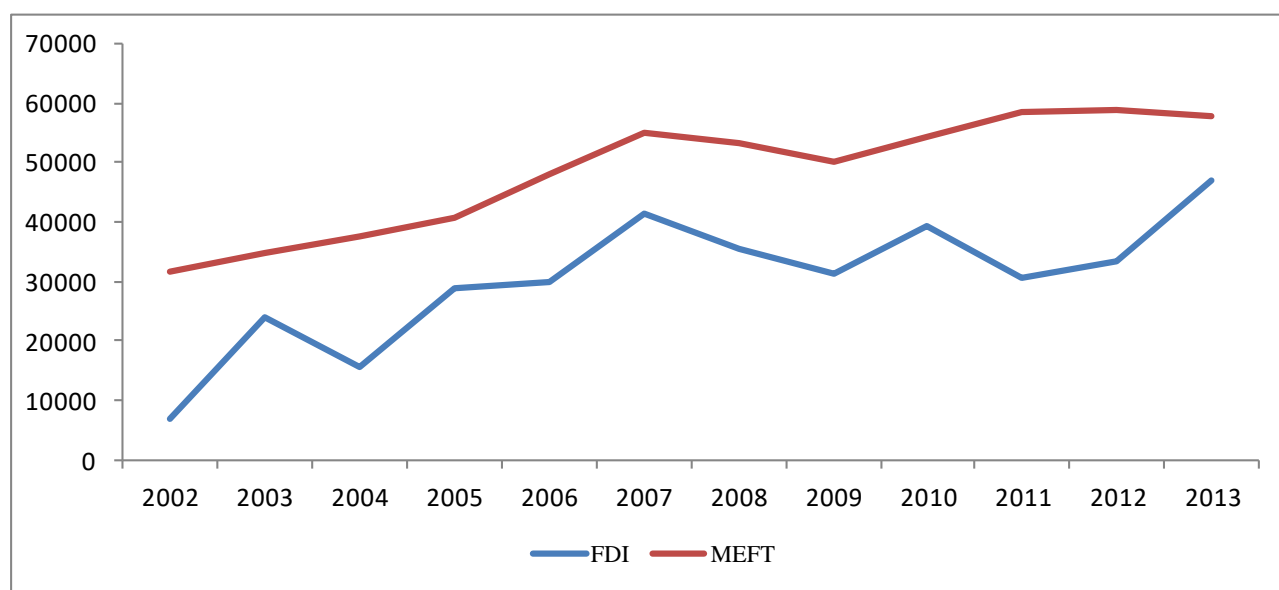
Source: Foreign Exchange Office and Directorate of Consular and Social Affairs (DACS) (calculations by author).

A comparative analysis of the evolution of flows of foreign direct investments (FDI) and fund transfers by Moroccan expatriates (figure below) during the period 2002–2013 shows a regular trend for fund transfers and a quite significant trend for FDI. It should be noted that any economic context unfavourable to Moroccan expatriates is accompanied by a decrease in FDI. This can be explained by the fact that most FDI stem from European countries that constitute the host countries for the majority of Moroccan expatriates.

However, the decline in fund transfers by Moroccan expatriates seems modest given the magnitude of the crisis, but also, and especially, in comparison with other capital flows, such as FDI. The latter decreased by 15 per cent in 2008 and by 12 per cent in 2009, while transfers dropped respectively by 4 per cent in 2008 and 5 per cent in 2009. That said, the recovery differed and the figure below reflects the counter cyclicity of fund transfers, in contrast to FDI. While the former are guided mainly by altruistic motives, the latter are driven by the pursuit of financial gain (Bouoiyour and Miftah, 2012).

Comparing the fund transfer dynamic with that of FDI highlights the significance of the former. Their contribution to macro-financial balances, mainly in terms of foreign currency, helps ease pressures on liquidity levels and meet some of the country's external financing needs.

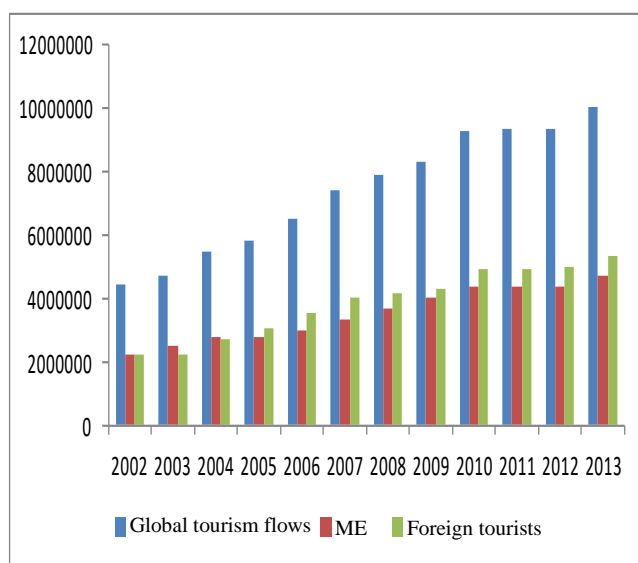
Figure 12
Evolution of FDI and Moroccan expatriate fund transfers (2002-2013)



Source: Foreign Exchange Office/HCP (calculations by author).

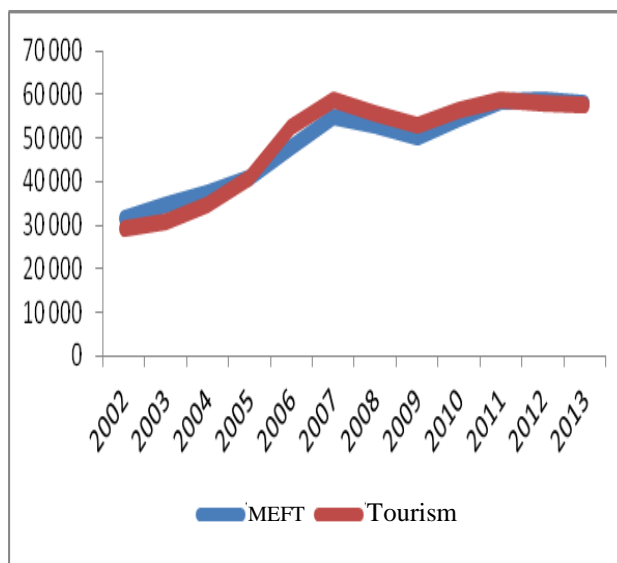
However, the evolution of Moroccan expatriate fund transfers and tourism revenues during the 2002-2013 period shows an almost perfect correlation between these two variables, given that the share of fund transfers averages 100 per cent of tourism revenues.

Figure 13
Evolution of Moroccan expatriate tourism flows (2002-2013)



Source: Data from the Ministry of Tourism/Foreign Exchange Office.

Figure 14
Evolution of Moroccan expatriate fund transfers and tourism revenues in millions of Moroccan dirhams (2002-2013)



Source: Data from the Foreign Exchange Office.

Based on a study conducted by the Tourism Observatory on the monitoring of tourism demand it was estimated that, in 2013, 10 million tourists had visited Morocco and spent 32 million nights; 47 per cent of the tourist visits (4.7 million) and two thirds of the nights spent were by Moroccan expatriates. Most of the Moroccan expatriates who visit Morocco range between the ages of 25 and 44. This population represents 7 out of 10 travellers. Regarding the distribution of Moroccan expatriate visits by professional category, this study reveals that nearly half are employees or technicians, and 30 per cent are farmers or labourers. Lastly, only 4 per cent of Moroccan expatriates who visit the Kingdom are retired.

The large majority of Moroccan expatriates come as a family (47 per cent). Individual travellers also comprise a significant component (30 per cent), although fewer of them travel as a couple (one out of five).

They come to Morocco almost exclusively to visit family or friends (97 per cent). Other reasons include the climate and the proximity of the destination to their place of residence.

Regarding tourist expenditures, in 2013, foreign tourists spent 41.3 billion Moroccan dirhams, which represents 62 per cent of the Kingdom's tourism receipts¹⁵. Based on the Observatory's data, most of Moroccan expatriates' expenditures go toward restaurants/food (40 per cent) given the family nature of their stay.

Fund transfers can have a positive impact on living conditions by increasing the incomes of the individuals and households that receive them. They can be used to acquire consumer goods or cover tuition and health expenses, therefore helping to reduce poverty.

4. Preliminary transfer analysis

The forecast for Moroccan expatriate fund transfers over the next 10 years is based on the linear trend method. This method rests on a relatively simple hypothesis whereby the amount of fund transfers is a deterministic function of time. Formally, it is defined as follows:

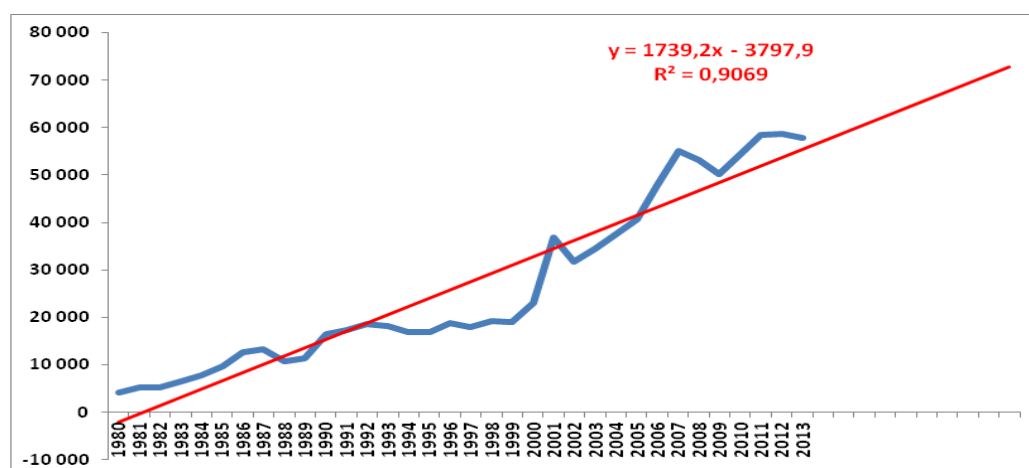
$$y_t = c + \beta t$$

Where y_t represents the amount of fund transfers by Moroccan expatriates, t designates a deterministic trend, while c (constant) and β constitutes the main parameters selected for estimation. In order to estimate these parameters, an ample time series has been used since 1980.

¹⁵ Nearly half of their total expenditures go toward accommodations (12.7 billion Moroccan dirhams) and restaurants (6.7 billion Moroccan dirhams); 5.8 billion Moroccan dirhams are spent on recreation (excursions, sports activities, museums, etc.), or 14 per cent of their budget, and handicrafts and textile and leather goods account for 13 per cent of expenditures (5.2 billion Moroccan dirhams). Accommodations constitute the largest expenditure during their stay. In terms of commercial accommodations, foreign tourists spend an average of 381 Moroccan dirhams per night.

Figure 15

Evolution of Moroccan expatriate fund transfers (1980-2013) (in millions of Moroccan dirhams)



The estimation produced the values: $c = -3,797.9$ and $\beta = 1,739.2$. Based on these values, the 10-year forecasts produced the following values:

Table 5

Forecast for Moroccan expatriate fund transfers over the next ten years (2014-2023) (in millions of Moroccan dirhams)

Year	Forecast for Moroccan expatriate fund transfers in millions of Moroccan dirhams
2014	57 074.1
2015	58 813.3
2016	60 552.5
2017	62 291.7
2018	64 030.9
2019	65 770.1
2020	67 509.3
2021	69 248.5
2022	70 987.7
2023	72 726.9

5. Use of transfers: Strong contribution to current expenditures and weak investment level

According to a 2008 study conducted by the Hassan II Foundation for Moroccans Living Abroad concerning the use of fund transfers by Moroccan expatriates, 71 per cent of funds transferred are used to cover current household expenditures (consumer goods, education, medical care, etc.). This contribution is estimated at 80 per cent worldwide¹⁶.

¹⁶ Agence française de développement, 2013. "Migrations internes et internationales 2010-2013" (Internal and international migration 2010-2013), p.18.

By contrast, the percentage of transfers earmarked for investment projects remains modest, at only 7.7 per cent of the total (table 6)¹⁷.

Table 6

Allocation structure for Moroccan expatriate fund transfers

Type of allocation	Percentage
Current expenditures	71
Cash deposits	21
Investments	7.7
Other	0.4
Total	100

Source: Hassan II Foundation for Moroccans Living Abroad, 2008.

6. Main determinants for Moroccan expatriate fund transfers

Fund transfers and their determinants have been the subject of many national and international studies. It is generally accepted that several factors are related to the country of origin, and sometimes to the country of residence. They can be categorized as follows:

1. Institutional factors related to the migration policy of the country of origin;
2. Factors related to the attractiveness of the investment climate for fund transfers;
3. Factors related to migrants.

Institutional factors

Since the 1990s, Morocco has been committed to implementing a migration policy based on the establishment of structures aimed at strengthening relations between migrants and their countries. These structures have served as bridges for consolidating and maintaining ties with Moroccan expatriate communities, while better meeting their clearly changing needs.

Likewise, the development of the banking infrastructure and fund transfer companies offering various products and services with just as broad coverage in Morocco as in the host countries is considered a factor promoting the transfer flow dynamic.

An equally important factor, the reworking of the regulatory framework for fund transfers, constitutes one of the determinants for improving fund transfers, in terms of relaxing procedures and governing the players involved and giving banks leeway to provide a competitive, innovative offering.

¹⁷ “Over 7 per cent consist of direct investment. The rest goes toward either financial investments (0.65 per cent), or the purchase of securities (UCITS, shares)”. “Les Marocains résidant à l’étranger - l’utilisation des transferts- Observatoire de la Communauté marocaine à l’étranger.” (Moroccan expatriates – Use of transfers – Observatory on the Moroccan Community Living Abroad) Hassan II Foundation for Moroccans Living Abroad. 2008. P.98.

Factors related to the attractiveness of the business climate for Moroccan expatriate investments

Transfers are closely related to the political situation and economic outlook that directly influence the quality of the country's general business climate and its investment appeal. These factors, which determine the risk perception of migrants/investors, drive their decision to invest and inform them of opportunities on the sectoral level.

Fund transfers by Moroccan expatriates also depend on the policy governing these transfers in the home country, on promotion and on the technical, legal, logistical and financial support enjoyed by Moroccan expatriates. This may be a factor that pushes migrants to choose between their host country and home country for their investment platform. In addition, it should be pointed out that investments are affected positively by the political context, such as the situation of democracy and human rights, the quality of the judicial system and economic, social and institutional infrastructures, and the taxation system. In contrast, they are affected negatively by corruption and administrative burdens, often considered hindrances to investment in general.

Factors related to migrants

Transfers also depend on the family, economic and social situation in the home country, the household composition, the life expectancy of the migrant and his family members, the level of social security and the health policy of the host country (Elkhider and others, 2007).

The generational effect, the behaviour of the first, second and third generations of migrants is different. It also constitutes one of the transfer determinants. First generation migrants tend to keep stronger ties with their country of origin and maintain the flow of transfers. "In fact, Moroccan expatriates between the ages of 40 and 64 tend to make more transfers."¹⁸

Fund transfers are also correlated to the level of education, the diplomas obtained by migrants and the extent of their professional and social integration into the host community. Education level also influences the amount of fund transfers made by Moroccan expatriates. It is commonly accepted that the higher the level of education, the lower the amount of fund transfers.¹⁹

Factors related to religion, culture and ancestral traditions or based on family, social or intergenerational solidarity and the degree of attachment to the country seem to be of crucial importance for almost all Moroccan expatriates (El Khider and others, 2007).

7. Main fund transfer channels

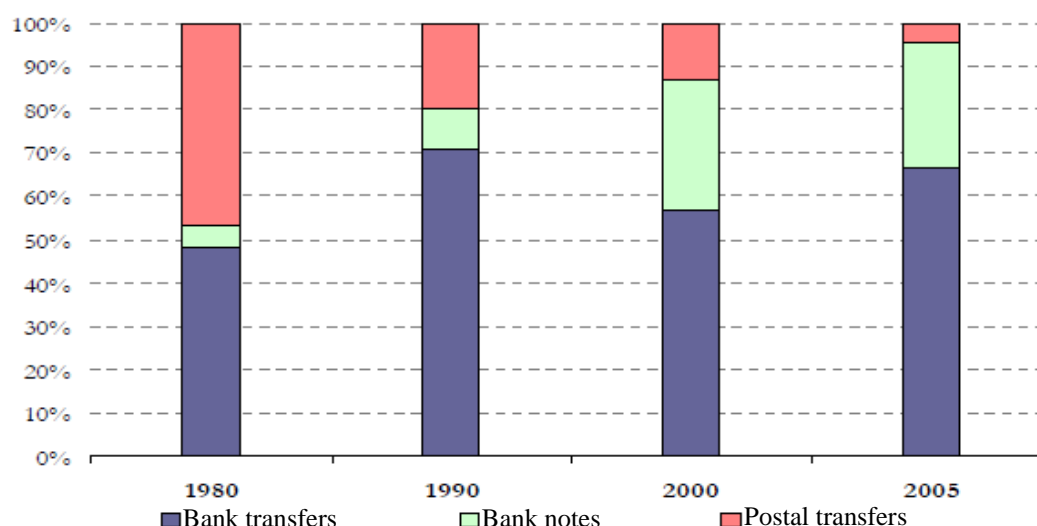
Official fund transfers by Moroccan expatriates are made through three channels, namely bank transfers, cash amounts and postal transfers. The choice of each of these channels depends on considerations related to cost, speed and security. Based on the data of the Foreign Exchange Office (2005), bank transfers are by far the main fund transfer method used by Moroccan expatriates, representing 63 per cent of all transfers. Their share increased by 6 per

¹⁸ Hassan II Foundation for Moroccans Living Abroad, 2008, p.88.

¹⁹ Idem, p 86.

cent between 2000 and 2005, reflecting the dynamism of the banking network and the proximity and customer loyalty policies regarding this type of clientele.

Figure 16
Main fund transfer channels (1990-2005)



Source: Foreign Exchange Office.

Likewise, the 2010 transformation of Barid Al-Maghrib into the “Al Barid Bank” postal bank increased the share of bank transfers to the detriment of postal transfers. As for bank notes, their share of the global volume of fund transfers increased from an average of 17 per cent between 1990 and 1999 to 30 per cent between 2000 and 2005. As for postal transfers, they fell from 20 per cent in 1990 to 13 per cent in 2000, reaching only 4 per cent in 2005.

Today, the lack of official and reliable statistics constitutes a serious challenge for data analysis. It is essential that the Foreign Exchange Office make this valuable information available.

In professional international fund transfer terminology, there are three distinct transfer methods:

1. **Cash-to-Cash** (funds remitted and paid in cash),
2. **Cash-to-Account** (cash transfer to an account),
3. **Account-to-Account** (transfer from account to account).

According to the data of Bank Al Maghrib, *Cash-to-Cash* represented about 24.3 per cent of the market in 2013, versus 19 per cent in 2010, and continues to be dominated by fund transfer companies, mainly Western Union and MoneyGram.

The *Cash-to-Account* and *Account-to-Account* methods are largely dominated by the three banks operating in the host countries of Moroccan expatriates, namely the Banque populaire, Attijariwafa Bank and BMCE, given, among other reasons, the number of years they have been established in Europe. The fact that most fund transfers pass through the banking system explains the development of products and services related to bi-bancarization.

Costs²⁰ related to the *cash-to-cash*²¹ method are estimated to have dropped nearly 50 per cent over the past five years, a trend that explains the competition. The use of online transfers may further reduce costs²². Transaction costs remain relatively high compared with other transfer channels given the service, exchange and rapid processing fees. That being said, in most cases, this continues to be the preferred method due to its speed in meeting urgent needs, mainly those of migrants' families related to religious holidays, education or exceptional circumstances. "The frequency of transfers depends on many variables, such as the needs of the sender or recipient. Generally, fund transfers are made through the *cash-to-cash* channel on average three or four times a year during religious events, the month of Ramadan or the back-to-school period. Other fund transfers are administered regularly throughout the year to potentially cover family needs in the home country."²³

Table 7

Advantages and disadvantages of different transfer methods

Transfer method	Advantages	Disadvantages
Bank transfers (account-to-account or cash-to-account)	1.Speed and security	1.Need for the recipient to have a bank account 2.Limited banking network in rural areas 3.Transfer time relatively slow and variable according to the network (single or joint).
Postal orders	1. Low cost 2. Simplicity 3. Extensive network in rural areas	1. Transfer time sometimes very long
Fund transfer companies (cash-to-cash)	1. Simplicity and security 2. Speed 3. Quick transfer time 4. Very extensive network	1. Relatively high cost

Source: Table adapted from the study "Élaboration d'une stratégie de renforcement des politiques, des mécanismes et des instruments relatifs à la mobilisation de l'épargne et de l'investissement des Marocains résidant à l'étranger au profit de l'économie nationale et les moyens de réduction des coûts de transfert des fonds." (2010) (Development of a strategy for strengthening policies, mechanisms and instruments related to the mobilization of the savings and investments of Moroccan expatriates in support of the national economy and methods for reducing fund transfer costs).

²⁰ The transfers costs that are generally paid by the sender cover exchange and service fees. The service fee is shared between the international operator and the agents involved in the transfer transaction.

²¹ Transaction costs were deemed particularly high in Morocco (1.5 times higher than in other countries) based on the 2010 study conducted by the Ministry in Charge of Moroccans Living Abroad entitled "Élaboration d'une stratégie de renforcement des politiques, des mécanismes et des instruments relatifs à la mobilisation de l'épargne et de l'investissement des Marocains résidant à l'étranger au profit de l'économie nationale et les moyens de réduction des coûts de transfert des fonds." (Development of a strategy for strengthening policies, mechanisms and instruments related to the mobilization of the savings and investments of Moroccan expatriates in support of the national economy and methods for reducing fund transfer costs)

²² Discussion with Samira Khamlichi, CEO of Wafacash

²³ Idem.

Contrary to the experience of other developing countries, the use of informal networks in the case of Morocco is generally limited. This situation can be explained by the progress made by the country in terms of banking penetration or bancarization, the growth of fund transfer companies and the improvements to the regulatory framework.

8. Use of funds transferred by Moroccan expatriates

Funds are usually received by banks through client deposits (individuals, companies and Moroccan expatriates), mainly in the following forms:

1. Demand deposits;
2. Term deposits;
3. Savings account, also called “passbook account”.

Nationally, bank deposits in Morocco jumped from 273.7 billion Moroccan dirhams in 2002 to 719,169 billion Moroccan dirhams in 2013, an increase of 263 per cent (see figure 17). An analysis of market shares in deposits at the national level and by type of deposit reveals the predominance of the three main banks, namely, Banque populaire, Attijariwafa and Banque Marocaine du commerce extérieur (BMCE). They account for over 68 per cent of demand deposits and 63 per cent of savings accounts and term deposits, while the other banks intervene marginally given the weakness of their network nationally and abroad.²⁴ This analysis is also reflected in the analysis of deposits and fund transfers by Moroccan expatriates.

An analysis of deposits by economic agent shows that the evolution of bank deposits in Morocco is largely dependent on deposits by individuals and Moroccan expatriates. While deposits by Moroccan expatriates represented 26 per cent of total bank deposits in 2002, they trended downward to 21 per cent of total bank deposits in 2013 (see figure 18). An assessment of deposits by type of account reveals that demand deposits rose from 48 per cent in 2002 to 58 per cent in 2013, to the detriment of term deposits, which dropped from 49 per cent in 2002 to 35 per cent in 2013. This rise in demand deposits can be explained by, among other things, the bancarization effort by Moroccan expatriates. These demand deposits do not generate any return and constitute a major source of cash flow for banks carrying various transaction and accounting fees.

The drop in the share of term deposits may be due to this product’s limited appeal to Moroccan expatriates or the weak marketing of this product by the banks, who prefer to channel these funds into other more profitable types of investments, or by the reticence of migrants to purchase interest-bearing deposits.

²⁴ Competition Council: “Étude sur la concurrentiabilité du secteur bancaire” (Study on the competitiveness of the banking sector), (March 2013), p. 28.

Figure 17
Evolution of Moroccan expatriate deposits
(in millions of Moroccan dirhams) (2002-2013)

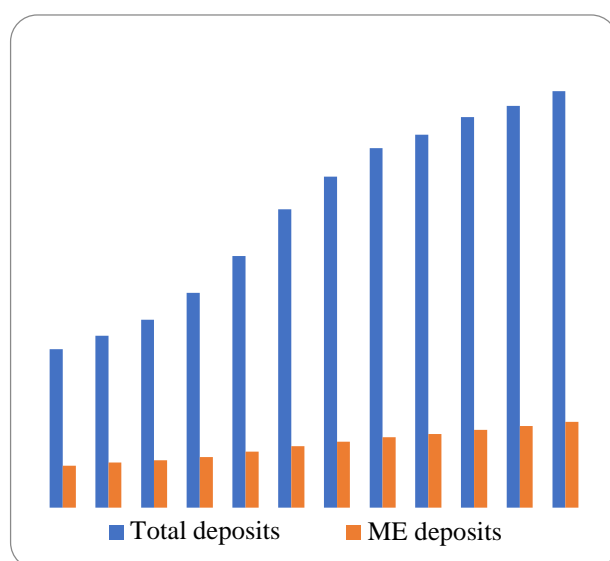
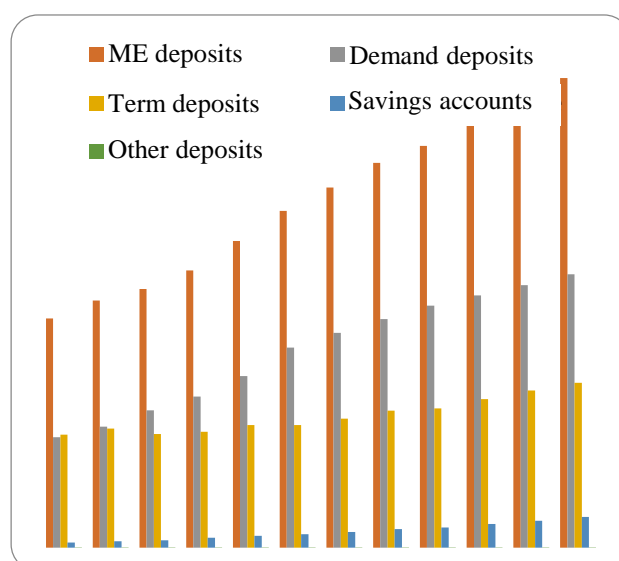


Figure 18
Evolution of Moroccan expatriate deposits by type of account
(in millions of Moroccan dirhams) (2002-2013)



Source: Data from Bank Al Maghrib (calculations by author).

In 2002, credits of Moroccan expatriates represented 2 per cent of the total credits allocated to the economy. In 2013, they constituted only 2.5 per cent of the total credits granted by the banking sector. Housing credits dominate the total credits granted by the banking sector. They rose from 77.6 per cent in 2002 to 85.5 per cent in 2013, evolving significantly since 2005. This evolution can be explained by the launch of major projects in the housing field and the promotion of economic and social housing.

Figure 19
Evolution of total credits granted by the banking sector
(in thousands of Moroccan dirhams) (2002-2013)

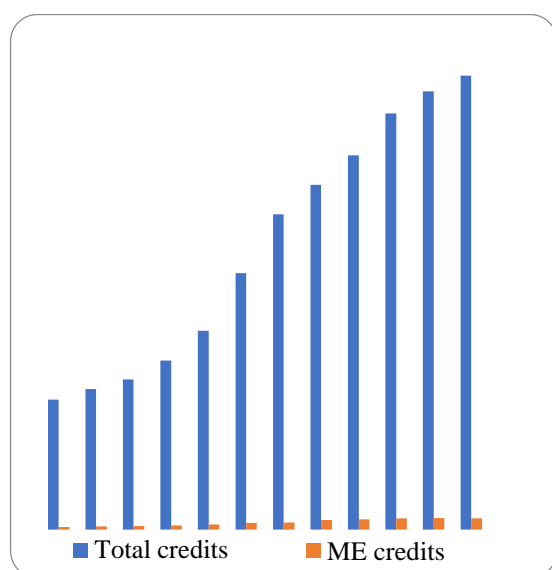
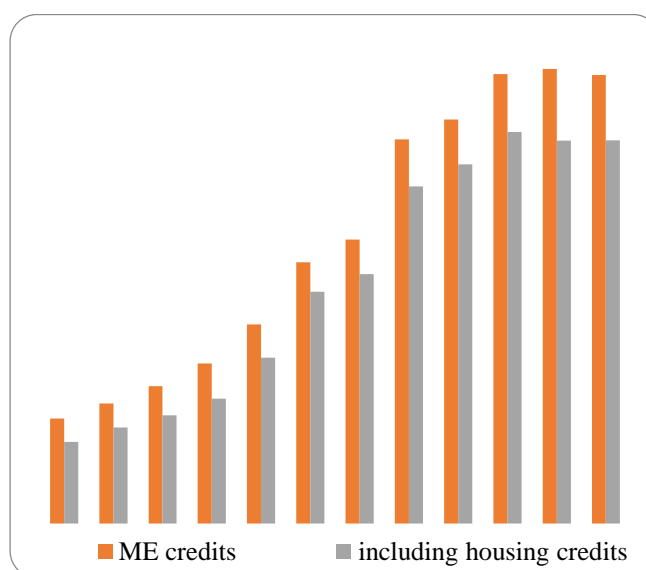


Figure 20
Evolution of total credits granted by the banking sector by type of credit
(in thousands of Moroccan dirhams) (2002-2013)



Source: Data from Bank Al Maghrib (calculations by author).

Chapter 3

Institutional and regulatory framework of Moroccan expatriate fund transfers

The institutional and regulatory framework related to fund transfers by Moroccan expatriates has evolved and breathed new life into the fund transfer dynamic. However, this framework can still be improved in terms of the shortfalls observed in the current mechanisms.

1. Transformation of the regulatory landscape of the Moroccan financial sector

The Moroccan banking sector has been subject to a group of reforms involving the revision of the banking law (easing of rates, deregulation of banking activity, etc.). In fact, the amendment of the 1993 law led to the creation of a new legal framework governing all credit institutions, as well as a new status for Bank Al Maghrib in 2006.

New banking law

The new law expands the powers of Bank Al Maghrib, giving it more independence and reinforcing its supervisory role. One of the major innovations of this new law consists in extending the control of Bank Al Maghrib to other government agencies, such as the Caisse des dépôts et consignations, Caisse centrale de garanties and Caisse d'épargne nationale.

Aimed at complying with international standards and meeting the requirements of international openness, this law also strengthened prudential regulations (minimum capital, Cooke ratio, liquidity and risk division ratio, classification and provisioning of bad debt).

One of the main focuses of this reform is subjecting new organizations, mainly companies carrying out fund transfer intermediation activities, to measures related to the organization and control of their activities.

Directive dedicated to terms and conditions for creating and carrying out fund transfer intermediation activities

In accordance with the circular of the Governor of Bank Al-Maghrib No. 37/G/2007 of 9 July 2007 regarding the minimum capital for fund transfer intermediaries, any legal entity authorized to carry out fund transfer intermediation activities is required to justify, in its balance sheet, fully paid-up capital of at least 3 million Moroccan dirhams.

Since 2006-2007 and as part of its duties, the Central Bank has sought to clean up fund transfer companies and their agents rather than authorize new companies. In fact, many operators have flooded the market over the past decade, encouraged mainly by the non-capitalistic nature of the activity and the size of the target clientele, mainly the unbancarized population.

In parallel with clean-up efforts, Bank Al Maghrib issued a directive on 19 April 2012 related to conditions for carrying out fund transfer intermediation activities, namely directive No. 3/G/12, which annulled and replaced the 2007 circular. It is aimed mainly increasing the minimum capital for operators from 3 million to 6 million Moroccan dirhams. This directive specified the measures to be taken by fund transfer companies regarding their relations with their agents and defined the perimeter for activities likely to be carried out by these companies in addition to their main activity, namely, financial operations like currency exchange, fee

collection on behalf of third parties, etc. In fact, intermediation activities were clearly defined in this directive.

These measures refer to the following:

1. The receipt in Morocco, by any means, of funds from abroad and their disposition, subject to compliance with exchange legislation, and the transfer of funds abroad;
2. The transfer and/or receipt of funds, by any means, within Moroccan territory and their disposition.

Likewise, transactions carried out by fund transfer intermediaries can involve only transfers from individual to individual. Transfers initiated by artificial persons for natural persons must remain the exception and give rise to documented explanations regarding the purpose and destination of the fund transfer.

This directive also sets requirements for the consistency of human, technical and financial methods with implementation policies and volume of activities.

Fund transfer transactions cannot exceed a maximum amount of 80,000 Moroccan dirhams per transaction and per recipient. In this regard, fund transfer intermediaries are required to inform their foreign correspondents accordingly.

Likewise, in May 2011, the profession adopted a code of ethics for fund transfer intermediation that serves as a reference document for sector operators and sets high standards of conduct vis-à-vis clients, colleagues and third parties, in response to potential breaches in the sector.

Creation of the Financial Information Processing Unit (Unité de traitement du renseignement financier (UTRF)) for combatting money laundering and terrorism financing or underground financial networks

Provided by article 14 of Law No. 43-05 regarding anti-money laundering, the Financial Information Processing Unit was created by Decree No. 2-08-572 on 24 December 2008 and implemented by the Prime Minister on 10 April 2009. Its main mission is to protect the integrity of the Moroccan economy and financial system by combatting money laundering, terrorism financing and underground financial networks.

Fund transfer intermediation companies appear on the list of “taxable persons”. This list includes any natural or legal person, by public law or private law, mentioned in article 2 of Law No. 43-05 regarding anti-money laundering, amended and completed by Law No. 13-10 promulgated by Dahir No. 1-11-02 of 20 January 2011.

2. Main institutions involved in the transfer and collection of funds

The dynamism of the fund transfer sector is consistent with the accompanying policy of objectives set by the public authorities. This integrated policy targets Moroccan expatriates. Therefore, over the past few years, the financial landscape has been strengthened with the establishment of fund transfer institutions. Along with the banks, these institutions are making the effort to harness the funds of Moroccan expatriates.

2.1 Fund transfer companies

The ten fund transfer companies located in Morocco and authorized by Bank Al Maghrib at the end of December 2013 are as follows:

1. Cashplus²⁵
2. Damane Cash²⁶
3. Eurosol²⁷
4. Morocco Transaction Processing (M2T)²⁸
5. Mea Financial Services
6. Money on Morocco²⁹
7. Quick Money
8. Transfert Express
9. UAE Exchange Morocco³⁰
10. Wafacash

These companies are generally distinguished by a network ranging in density from 50 to 300 points of sale, even up to 1,000 branches. Density varies according to the company's lifespan, its organizational structure and its innovation capacity in terms of products offered.

To carry out transfer activities internationally, these companies have signed agreements with international operators, including mainly:

1. Western Union
2. MoneyGram³¹
3. Moneytrans

²⁵ Created in 2007 with a network of over 300 owned branches, receives international funds via Western Union, MoneyGram, Money Trans, Money Exchange and Ria.

²⁶ Created in 2007 with a network of 50 points of sale and operating mainly with MoneyGram and Western Union.

²⁷ More than 360 branches operating with MoneyGram and Western Union, Ria, Eurocash, MPost, Value transfer money exchange, Money exchange, etc.

²⁸ Created in 2001, specialized in multichannel secure payment services, products and solutions and behind the "Tasshilat" concept for bill payment (water, electricity, telephone), electronic sale of telecom refills, sale of bus and tramway transit tickets... Recently, the company even launched its own fund transfer brand dubbed Proxi cash, operating mainly with Western Union and MoneyGram.

²⁹ Created in 2010.

³⁰ Established in Casablanca in 2011, equipped with a network of 24 UAE Exchange branches inaugurated in 2012 and operating in the country's largest cities.

³¹ MoneyGram has been present in Morocco since 1998. In May 2011, a representative office was opened in Casablanca, in order to support its 10 partner agents in Morocco and those in North Africa and French-speaking countries in West Africa.

4. RIA
5. Money Exchange
6. UAE Exchange LLC

The transfers made by these companies totalled 14.1 billion Moroccan dirhams in 2013 (see table 8), up 900 million, or 6.8 per cent compared with 2012 and 35.57 per cent compared with 2010.

According to the data of Bank Al Maghrib and despite the removal of the exclusivity clause³², nearly 80 per cent of the sector's international transfers (intermediary companies and banks) pass through Western Union and MoneyGram, the former with a market share of almost 66 per cent and the latter 15 per cent. "New operators have recently appeared on the scene, but still remain marginal. The historical presence of Western Union and MoneyGram may be among the factors explaining this trend."³³

Table 8

Total cash fund transfers received from abroad (2010-2013)

Year	2010	2011	2012	2013
Fund transfers received from abroad	10.4	12.3	13.2	14.1
Share of Moroccan expatriate transfers at the national level	19%	21.06%	22.45%	24.35%

Source: Data from Bank Al Maghrib/ data in billions of Moroccan dirhams (calculations by author).

Fund transfer companies are members of the Professional Association of Financing Companies (APSF). This Association was established by the law of 6 July 1993 governing the activity and control of credit institutions. It was confirmed by the law of 14 February 2006 on credit institutions and equivalent bodies.

The APSF includes all financing companies deemed by the banking law as credit institutions, just like the banks. Anticipating the arrival of these new companies, the Board of the APSF, which met on 18 December 2007, decided to create a section within the APSF dedicated to this trade.³⁴

³² Certain banks had signed exclusivity agreements with Western Union.

³³ African Development Bank, 2011. "Reducing the Cost of Migrant Remittances to Optimize their Impact on Development: Financial products and tools for the Maghreb Region and the Franc Zone".

³⁴ www.apsf.pro.

Box 1

Case study: “Wafacash: a sector leader at the national level”

Wafacash is a subsidiary of the Attijariwafa Bank Group specializing in financial services. It was christened Wafa Monétique in 1991 by the ex-Wafabank. The first electronic money centre in the Kingdom, it was renamed Wafacash and, thanks to its partnership with Western Union, was the first in Morocco to offer a rapid money transfer solution. Wafacash was the first Maghreb partner and one of the first African signatory companies of a partnership with Western Union.

Despite a difficult environment due to the Euro Zone crisis, which affected transfers by Moroccan expatriates, Wafacash has made remarkable progress compared to the evolution of the market.

Diversification of partnerships

In 2010, in order to establish its position in the international transfer segment, Wafacash entered into a partnership with MoneyGram. In 2012, it embarked on new alliances with money transfer companies, as well as with the RIA international transfer company and Santander Envios, subsidiary of the first Spanish bank, Banco Santander. It established itself as the first banner specialized in the cash trade, mainly fund transfers.

Likewise, it concluded a strategic partnership agreement with the microcredit association Al Amana Microfinance, in order to diversity its activities with the distribution of fund transfer services marketed by Wafacash.

Diversified distribution policy

Wafacash embarked on a distribution network expansion policy centred on a specific business model based on points of sale owned by Wafacash. This model is also based on agents acting as partner companies of Wafacash with their own points of sale and therefore a financial base allowing them to ensure and honour their commitments. At the end of December 2012, Wafacash had a large network of 964 dedicated branches throughout the Kingdom (including 740 partner branches and 224 in-house branches).

Multi-channel promotional policy

Among the many promotional methods used are forums, advertising campaigns, meetings and music concerts in the five main European countries (Italy, Belgium, France, Spain, the Netherlands). Considered a financial enterprise and corporate citizen, it leads civic activities both in Morocco and internationally, reinforcing its social and cultural commitment through the development of cultural expression and social ties.

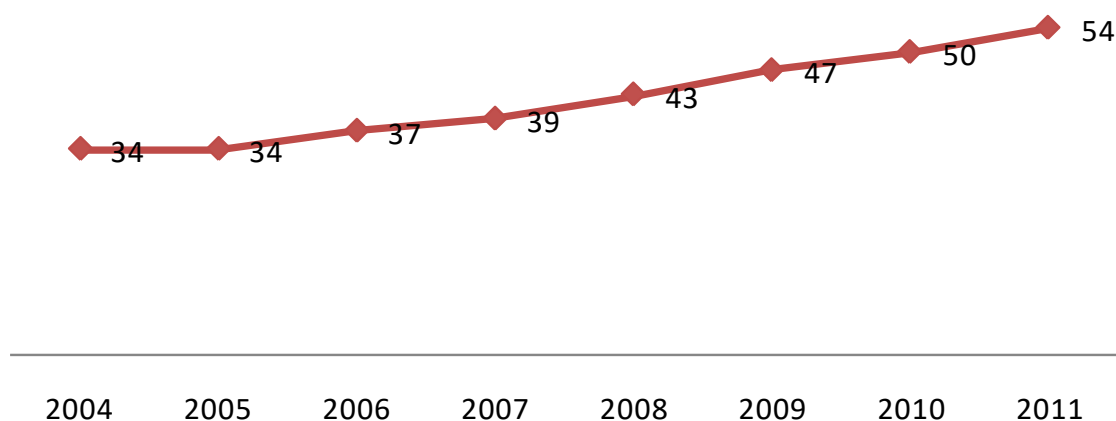
2.2 Banking sector: main vehicle for attracting Moroccan expatriate fund transfers

The Moroccan banking sector has experienced a multifaceted evolution: mergers, alliances, capital openness and external and internal growth. As a result, the number of banks dropped from 62, under the protectorate, to 21 in 2000, then to 16 in 2005, to a current total of 19 banks authorized by Bank Al-Maghrib (annex).³⁵

Bancarization has significantly evolved over the past ten years thanks to the financial inclusion strategy, the penetration of banking services and the offerings of different operators to bancarize new segments of the population.

The transfer of Barid Al-Maghrib's financial services, on 8 June 2010, to its banking subsidiary, Al Barid Bank, had a significant impact on bancarization data. The rate automatically increased from 47 per cent in 2009 to 54 per cent in 2011, as illustrated in the figure below.

Figure 21
Evolution of bancarization rate



Source: Competition Council: “Étude sur la concurrentiabilité du secteur bancaire” (Study on the competitiveness of the banking sector) (March 2013).

Even though Morocco's bancarization rate is on the rise (it reached 62 per cent in 2014³⁶), it remains modest in relation to the country's potential. The size of the informal economy, regional economic instability, reluctance regarding payment methods, difficulties accessing financial services, absence of alternate financing based on the principles of Islamic finance are among the many factors limiting the evolution of bancarization. Actions taken or currently under way could increase the bancarization rate in Morocco, specifically:

1. The financial sector development strategy for the 2020 horizon established by Bank Al-Maghrib, notably through the broadening of financial inclusion, the

³⁵ Competition Council: “Étude sur la concurrentiabilité du secteur bancaire” (Study on the competitiveness of the banking sector) (March 2013).

³⁶ www.challenge.ma, “Bank Al Maghrib dresse son diagnostic” (Bank Al Maghrib makes its diagnosis) (December 8, 2014).

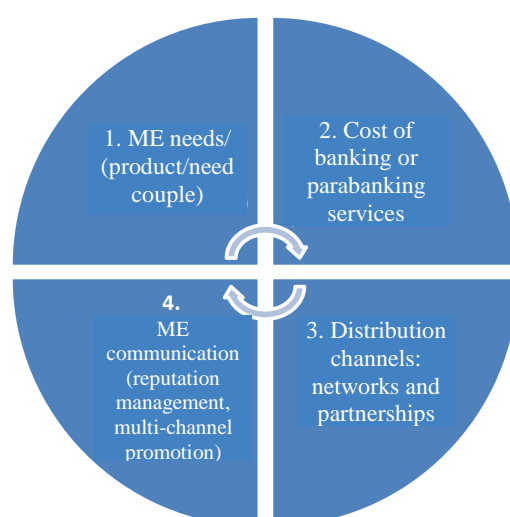
acceleration of coverage of under-served segments, the provision of low income banking services for rural/suburban populations, small and medium-sized businesses and very small businesses, the use of innovative solutions based on new technologies and the positioning of Casablanca as a regional financial centre;

2. Modernization and securing of payment systems;
3. Increased innovation capacity of banks;
4. Transformation of microcredit associations;
5. Accreditation of Islamic banks.

In term of bank offerings for Moroccan expatriates, the main banks studied generally rely on four main levers for reaching the Moroccan expatriate clientele (figure below):

Figure 22

Groupe Banque centrale populaire and Attijariwafa as leading banks on the Moroccan expatriate market: Experience of the Banque populaire



The efforts of Groupe Banque centrale populaire vis-à-vis the Moroccan expatriate segment have a history³⁷. Considered the first institution to establish channels for transferring the funds of Moroccan expatriates to Morocco, it positioned itself very early in this market segment in order to meet the needs of these nationals, mainly in terms of sending money to their families still in the country. The Chaabi Bank of Morocco, subsidiary of Groupe Banque populaire, was created in 1972 in Paris with the initial mission of promoting operations for collecting Moroccan expatriates' savings and transferring them to Morocco. Starting in the 1990s, this mission was expanded to include all the commercial bank's activities, in order to better support this clientele.

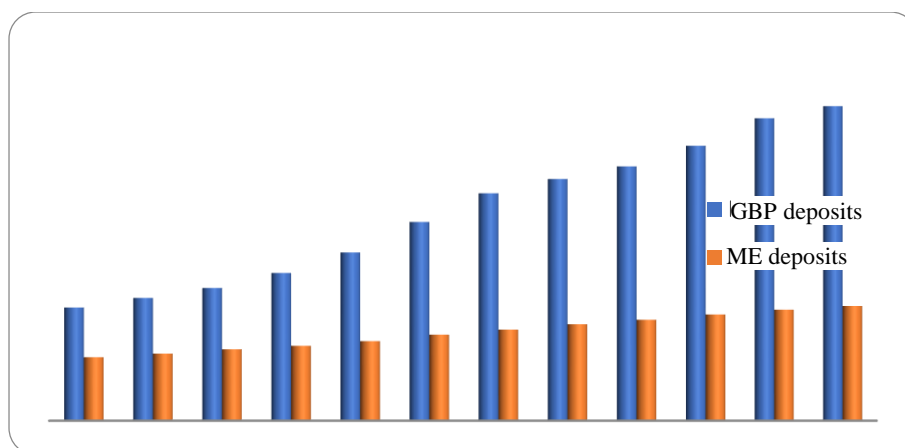
The creation of a center dedicated to the world's Moroccans called "Bank of the Moroccans of the World (BMDM)", and the extension of this subsidiary to the level of the

³⁷ The group got involved in the bancarization process for Moroccan expatriates in the 1970s, in partnership with the Moroccan consulates.

Banques populaires régionales (BPR), clearly demonstrates the importance of the Moroccan expatriate segment in the Bank's strategic orientations. Its efforts to consolidate ties with this community largely explained the group's influence on the Moroccan expatriate market. In fact, through its Fondation Banque populaire pour l'éducation et la culture created in 1984, the bank voluntarily engaged in a sponsorship policy to support the national cultural activities and education of the children of Moroccan expatriates³⁸.

Figure 23

Evolution of Moroccan expatriate deposits:
Groupe Banque populaire (2002-2013)³⁹ (in billions of Moroccan dirhams)



Source: Data from the annual reports of Groupe Banque centrale populaire.

Deposits received from Moroccan expatriates by Groupe Banque centrale populaire (BCP) increased from 42.45 billion to 76.7 billion Moroccan dirhams over the 2002-2013 period. With a share of about 59 per cent of the Moroccan expatriate market in 2003 in terms of national deposits, the group saw its market share shrink slightly in an increasingly competitive market. Despite the decline in its market share since 2005, the Group continued to maintain its leadership position in the Moroccan expatriate segment, with nearly **52 per cent of national deposits in 2013 and 37 per cent of bank deposits** due to its sales force in Morocco and abroad, the promotion of transfer services and the development of new partnerships.

Regarding its share of Moroccan expatriate transfers, Groupe Banque centrale populaire was able to improve the volume of flows harnessed by the Bank, which jumped from 11 billion Moroccan dirhams in 2002 to 25 billion Moroccan dirhams in 2013, or **36 per cent of transfers⁴⁰, 75 per cent of which are account flows⁴¹**. This evolution reflects the effort made to diversify the Bank's transfer channels, which have been strengthened by the Group since 2005 through the conclusion of new partnerships with foreign bank networks.

³⁸ In 2002, for example, the Bank extended the Unité scolaire de Tanger, by creating a pavilion reserved for 18 college classes dedicated to the children of Moroccan expatriates. It also organized summer camps for agents' children, aged 8 to 13 years, for its Moroccans of the World (MDM) clients (BCP 2008 annual report).

³⁹ In 2001, the amount of deposits by Moroccan expatriates reached 39.4 billion Moroccan dirhams.

⁴⁰ Pensions and family allowances included.

⁴¹ Attar, H.2014. "Rapatriement et valorisation de l'épargne des Marocains résidant à l'étranger : Expérience du Groupe Banque populaire", (Repatriation and enhancement of Moroccan expatriate savings: Experience of Groupe Banque populaire) presented at the ninth African Development Forum, 12-16 October 2014.

A constantly changing product and service offering that remains focused on bank insurance and transfer solution products

The bank's positioning in the Moroccan expatriate segment has gradually strengthened as interest in this segment has grown. As a result, body repatriation products and assistance contracts for Moroccan expatriates have been developed and adapted⁴² according to the country of residence since 2002.

In 2006, the Group started providing its clientele with a wide variety of products and services, ranging from money transfer methods to investment financing, electronic money equipment and bank insurance products.

In terms of improving fund transfers, channels were diversified and enhanced through partnerships with foreign banks and the international transfer organization "MoneyGram".

In 2009, the Group introduced an offering in the form of the "Solutions Bladi" Pack, based on a segmented approach integrating "Bladi express" banking and extra-banking advantages with an immediate credit transfer service via the Chaabi Bank Europe network. This offer was enhanced, in 2013, by a customer loyalty programme combined with extra-banking advantages for rewarding the loyalty of clients who make money transfers through their Banque populaire accounts in Morocco.

In 2013, in partnership with Western Union, the Group launched a *Cash-to-account* transfer service, the first of its kind in Morocco according to the bank. Thanks to this new channel, beneficiaries now have direct access to the transfer amount in the account opened with the Banque populaire network⁴³. This "Cash to account" service could be a means of directing cash flows toward the bank in order to increase its market share of cash transfers to Morocco through its banking network and helping to increase the bancarization rate in Morocco.

Communication strategy

The Group has been actively involved in a communication strategy specific to the Moroccan expatriate segment since establishing its subsidiary abroad. Benefitting from the active involvement of the Mohammed V Foundation for Solidarity in the organization of Operation Transit 2002, Groupe Banque centrale populaire implemented measures during the 2002 campaign aimed at Moroccan expatriates (mobilization of personnel, improvement of reception conditions and product and service sales, communication and adaptation of the offering, mainly in terms of pricing).

Regionally, the Group actively ensures the satisfaction of the Moroccan expatriate clientele through the establishment of an investor welcome structure at the head office of every regional Banque populaire, the provision of personalized attention to clients from the upscale Moroccan expatriate community and the reinforcement of the welcome structures of the branches at their disposal.

⁴² Injad Achamil, which concerns the Banque Populaire's client group assistance contract for Moroccans living in the countries of Maghreb and Europe, and Injad Salama, which is related to the Banque Populaire's client group assistance contract for Moroccans living in Canada, Saudi Arabia, Kuwait, Qatar and the United Arab Emirates.

⁴³ After subscribing free of charge to the cash-to-account service and after each transfer, beneficiaries could call the green number of the Banque populaire's customer relations centre to convey the necessary information regarding the transfer and ask that the money be paid directly into his account.

In 2008, the Group launched a communication strategy taking into account the biculturalism of Moroccan expatriates under the motto: “Two countries, one heart, one bank”. Likewise, it strengthened its proximity policy through its participation in different events aimed at Moroccan expatriates, both in Morocco and abroad: real estate trade shows in Paris and Brussels, hosting round tables on themes of interest to Moroccan expatriates and sponsoring programmes and events involving Moroccan expatriates, an initiative which can be credited to the Fondation’s site: “Dimabladna.ma”, an information and communication tool promoting the maintenance of ties between new generations of Moroccan expatriates and their country of origin.

It involves targeted communication focused on the product offering, the sponsoring of forums and events intended for Moroccan expatriate and the promotion of networks locally and abroad through:

1. Joint management of the Moroccan expatriate clientele, making it possible to share client information and better manage the banking relationship;
2. Daily monitoring of advertising campaigns for new products for Moroccan expatriates;
3. Periodic use of an internal barometer, in order to evaluate the network’s marketing efficiency and develop a spirit of healthy rivalry;
4. Organization of meetings between the Moroccan expatriate networks in Morocco and the host countries.

In addition, in 2013, as part of the multichannel approach, various marketing campaigns were launched abroad and in Morocco, in order to increase customer loyalty and consolidate historic business assets.

Moreover, its participation in national and international events aimed at Moroccan expatriates – real estate trade shows, welcome activities for Moroccans living abroad– reflects the Group’s desire to better meet the expectations of its clientele.

The Group also adopts an aggressive marketing approach when Moroccan expatriates return to Morocco for the summer, by reinforcing reception areas at the busiest transit points.

Strategy of expansion and partner diversification

With the procurement of a European passport in 2007 allowing it to set up operations in many other European countries, the Chaabi Bank of Morocco reached a new milestone in its history, marked by strategic orientations aimed at:

1. Establishing new branches in areas with a strong Moroccan expatriate presence by opening several branches in different European countries, as well as representative offices in Switzerland and the United Arab Emirates;
2. Concluding agreements with banking partners targeting fund transfers, bi-bancarization, mainly with French and Italian cooperative banks, and credit distribution;

3. Establishing partnerships with the host countries' major banks and developing new partnerships, in order to galvanize transfers and promote bi-bancarization, particularly with French and Italian cooperative banks;
4. Introducing a diversified local offering;
5. Harnessing more Moroccan expatriate transfer flows⁴⁴.

In addition, the Group joined the EUROGIRO organization, an exchange network for international electronic payments covering over 42 countries and involving nearly 47 postal organizations and commercial banks. In 2013, the Group solidified its business partnership with the Banque populaire caisse d'épargne (BPCE)⁴⁵ concluded in May 2012 by establishing a joint bank offering aimed at Moroccans living in France. This offering is based on double bancarization in France and Morocco, thereby providing an efficient, competitive cross-border money transfer service, an assistance service and real estate credit offerings making their proximity networks of nearly 9,000 branches available to Moroccans living in France who, in both their host and home countries, are striving to increase the value of their savings.⁴⁶

In addition, the Group signed new agreements with major partners established in different parts of the world, in order to increase transfer flows. It also worked to improve transfer services, mainly in terms of deadlines.

Experience of Attijariwafa Bank

Since the merger of BCM and Wafabank, Attijariwafa Bank set out in 2004 to reorganize its exterior network with a view to conquering the banking market. This reorganization involved, among other things, overhauling information systems in order to better adapt to technological advances and changes in the regulatory framework of the host countries. It also initiated a policy to transform European establishments into a branch network and developed a marketing strategy aimed at the Moroccan expatriate segment.

In an effort to establish itself as the intermediary of choice of Moroccan expatriates, Attijariwafa Bank set out in 2005 to establish a new unit dedicated exclusively to the specific needs of this client category.

In order to be able to expand its sphere of activity in European Union countries, Attijariwafa Bank established its subsidiary in France, which allowed it to penetrate other regions of this country. This strategy was accompanied by a gradual foray into other European countries hosting a significant number of Moroccan expatriates (Spain, Italy, Belgium, Netherlands, Germany, United Kingdom).

Currently, Attijariwafa Bank has a structure dedicated to Moroccan expatriates associated with the management unit Banque des particuliers et des professionnels (BPP),

⁴⁴ Annual report of Groupe Banque populaire (2007).

⁴⁵ The 5 per cent stake of BPCE Morocco, subsidiary of BPCE International et Outre-mer, in the capital of BCP aimed primarily at establishing an industrial, commercial and capitalistic partnership. This partnership promotes cooperation on the migrant market, mainly through the creation of financial products and services designed for Moroccans living in France.

⁴⁶ www.lesechos.ma "BCP et BCPE, 9.000 agences au service des Marocains de France" (BCP and BCPE, 9,000 branches serving Moroccans in France) of 17 July 2013.

which works in perfect synergy with the national bank network and ensures joint management with Attijariwafa Bank Europe as retail bank in Europe.

In Europe, the Group has 73 branches⁴⁷ in 7 countries (France, Germany, Belgium, Netherlands, Italy, United Kingdom and Spain), 4 of which opened in 2013 and 15 branches of the Compagnie de banques internationales de Paris (CBIP), subsidiary of CBAO absorbed at the end of 2013 by Attijariwafa Bank Europe. The European countries where the bank is not present are also covered thanks to a network of partners. The expansion of the offering in the countries of residence largely contributed to the increase in market shares.

Moroccan expatriate deposits received by Attijariwafa Bank increased from 19 billion MAD in 2002 to 41 billion Moroccan dirhams in 2013, or 27.13 per cent and 27.67 per cent respectively, of Moroccan expatriate deposits in the banking sector. Moroccan expatriate deposits represent 20 per cent of the bank's total deposits.

Regarding Moroccan expatriate transfers, they increased significantly from 2.9 billion Moroccan dirhams in 2005 to 3.7 billion Moroccan dirhams in 2006, and then to nearly 5 billion Moroccan dirhams in 2007.

Constantly adapting product offering but focused on flagship assistance, transfer and real estate credit products

In terms of products designated for Moroccan expatriates, the banks offer traditional and remote banking services, a multitude of banking and parabanking advantages, as well as the development, in terms of the French subsidiary, of consumer credit, automatic withdrawal transfers and *cash-to-cash* transfers ranging from the opening of accounts (dirham chequing account, convertible dirham account or foreign currency account), to the offer of packs (such as the *Pack Bila Houdoud* covering basic banking products focusing on the interests of Moroccan expatriates, both in Morocco and abroad), to payment methods (*Bila Houdoud* national card and chequebook), to remote account monitoring devices by mobile messaging (sms) or the Internet.

Real estate financing solutions are also offered, ranging from the acquisition or construction of a property in Morocco (*Miftah Bila Houdoud*), to a *Miftah Assâad Bila Houdoud* real estate credit offering backed by *Damane Assakane* which facilitates access to housing in Morocco, with a ceiling of 800,000 Moroccan dirhams.

Investment project financing in Morocco (*Maccharii Bila Houdoud*) as part of the MDM Invest fund (Moroccans of the World) is offered, providing financing of up to 65 per cent of the investment amount, topped off by a 25 per cent contribution by the Moroccan living abroad and a non-refundable 10 per cent government advance.

Rechargeable payment and withdrawal cards, such as the Kesma⁴⁸ and Wajda cards:

1. The Kesma card, designed mainly for the family members of Moroccan expatriates living in Morocco, can be recharged through transfers and deposits at reduced cost;

⁴⁷ In 2006, there were only 37 branches, which increased to 47 in 2007 thanks to the opening of several ATMs in France and Spain and the installation of a desk at Abbey National Bank in London. The number of branches totaled 55 in 2009.

⁴⁸ Launched in 2007.

2. The Wajda Bila Houdoud card designed for Moroccan expatriates allows beneficiaries, bancarized or unbancarized, to make withdrawals or purchases⁴⁹. It promotes savings and better budget management.

Assistance products and body repatriation to Morocco such as **Injad sans frontière** for Moroccan expatriates, their families and their vehicles, covering both assistance in case of death and assistance on the trip to or from Morocco.

In terms of fund transfers, in 2013, Attijariwafa introduced its new product *Trans'Pack* initiated in France, a complete set of transfer methods making it possible to transfer funds to Morocco through several channels:

1. Bank transfer from an account held with a bank in France;
2. Automatic withdrawal from an account held with a bank in France;
3. Cheque in euros to be deposited or sent to an Attijariwafa Bank branch;
4. Cash transfer;
5. Account through the debit of an Attijariwafa Bank account in France.

Regarding delays and transfer costs, Attijarwafa has strived since 2007 to meet the following objectives:

1. Reduction of deadlines to D+1 for its own network. These delays are long in the case of partnerships with other banks and may vary between 3 and 4 days.
2. Reduction of transfer costs, including free account-to-account transfers for strategic partners. In 2009, Attijariwafa Bank provided free transfers for issuing countries (France, Belgium, Germany, the Netherlands, Spain and Italy), as well as lower exchange fees, in response to dwindling transfer revenues from Moroccan expatriates.

To promote community relations, Attijarwafa also provided its Moroccan expatriate clientele with a dedicated call centre, accessible in seven languages and at a reduced rate, in order to facilitate the direct processing of client requests.

A review of the products offered by Attijariwafa since 2004 shows that its offerings are mainly confined to transfer solutions, real estate financing⁵⁰ or insurance or assistance products⁵¹ thanks to its Wafaimmobilier and Wafaassurance subsidiaries. Assistance and real estate credit offerings are reviewed from time to time, as needed.

Communication about its products varies from one period to the next and from one destination to the next. Initiated in the host countries, it includes displays, community

⁴⁹ “Best Card Acquisition and Usage Campaign” award distributed at the eighth Forum africain des métiers et technologies (May 2013) recognizing the bank for its innovative, inclusive product for moderately bancarized or unbancarized populations.

⁵⁰ *Miftah al Mouhajir* in 2004.

⁵¹ Launch of *Al Istishfaa Eddahabi* dedicated to the Moroccan expatriate clientele in 2005.

sponsorship, participation in real estate trade shows like the Salon de l'immobilier Moroccan à Paris (SMAP)⁵², use of media and alternative media adapted to the special characteristics of the target populations according to the host country, generally accompanied by large advertising campaigns⁵³ in the country of origin, mainly during the summer period. In 2013, Attijariwafa Bank launched the campaign *Al Farha Bila Houdoud*, which was implemented in ports, airports, Marjane supermarkets and Afriquia gas stations, equipped for the occasion with mobile foreign exchange offices.

Diversified international partnership

Attijariwafa has formed some quite diversified partnerships since 2005, notably with Grupo Santander⁵⁴, which supported its offering targeting Moroccans living in Spain by allowing it to establish offices dedicated to this clientele in Santander branches.

The signing of several agreements with foreign banks in Italy (UnicreditAgenziaTu, Gruppo MPS, comprising Banque Monte Dei Paschi de Siena, BancaToscana and Banca Agricola Mantovana, and Banque Unicredito), Germany (DHB Bank) and Spain (Caixa Catalunya, Banco Popular and Caja de Madrid) has provided Attijariwafa with a large network for facilitating fund transfers to Morocco.

To capitalize on the size of Attijariwafa Bank's commercial network in Morocco and Europe, a new distribution model for marketed products emerged in Europe in 2009 called **"reverse intermediation"**. Taking advantage of the summer period, all branches with a high proportion of Moroccan expatriate clients started offering subscriptions to products previously available only in Europe.

Experience of Al Barid Bank

Barid Al-Maghrib, public institution, governed by Law No. 24-96 regarding postal and telecommunications services, promulgated by Dahir No. 1-97-162 of 2 Rabi II 1418 (7 August 1997) was transformed into a public entity, called "Barid Al-Maghrib" S.A, governed by the provisions of the legislation respecting public entities, those of this law and by its statutes in accordance with Dahir No. 1-10-09 of 26 Safar 1431 providing for the promulgation of Law No. 07-08 providing for the transformation of Barid Al-Maghrib into a public entity. (B.O. No. 5822 of 18 March 2010). Like other countries, Barid Al-Maghrib launched its subsidiary, Al Barid Bank, on 8 June 2010.

This new bank targets low income and/or irregular income populations. Before the launch of Al Barid Bank, Morocco had a bancarization rate of 34 per cent in 2009. The transfer of Barid Al Maghrib's financial services to its subsidiary significantly boosted the bancarization rate.

Since this transformation, the offering has grown and diversified. The subsidiary of the Post Office has developed special credits with the Société de financement et d'achats à crédit (SOFAC), life insurance and savings and capitalization products, domestic cash-to-cash, real estate credits, not to mention a specific international transfer offering for Moroccan expatriates.

⁵² Salon de l'immobilier marocain in Paris.

⁵³ 2006 was marked by a major communication campaign to celebrate Attijariwafa Bank's return to the Moroccan expatriate market.

⁵⁴ Grupo Santander holds 14.55 per cent of the capital of Attijariwafa Bank.

In fact, Al Barid Bank has positioned itself as the bank of Moroccan expatriate families and, as a result, its activities complement those of other banks represented in the host countries of the Moroccans of the world. Moroccan expatriates transfer part of their revenues through the Post Office and its partners. Their families come to the bank to cash their money orders, providing an opportunity for Al Barid Bank to promote adapted bancarization offerings⁵⁵.

As part of its money transfer development strategy, Al Barid Bank has formed alliances with Western Union, MoneyGram⁵⁶, Eurogiro⁵⁷, etc. This partnership falls within the context of the diversification of fund transfer distribution channels. It will allow these transfer companies to benefit from Al Barid Bank's network of nearly 1,800 branches and reach clients in the most remote areas of the country by joining forces with the Post Office.

Recently, Al Barid Bank, in partnership with Dirham Express⁵⁸, launched a new online international money transfer service. The concept makes it possible to transfer money to Morocco from foreign countries where Moroccans from the diaspora live, such as France, Spain, Italy, Germany, United Kingdom, Belgium and the Netherlands, through the website created by Al Barid Bank and Dirham Express⁵⁹. Therefore, by debiting their bank card, clients can make online money transfers payable at any Al Barid Bank branch in Morocco, or credit an account opened with Al Barid Bank or any other bank in Morocco.

The fees for these transfer transactions are clearly specified: the exchange rates and fees are communicated to clients in advance, so that they can choose the formula and channel that suit them best.

Al-Barid bank has also adopted a policy to extend its network for clients in urban, suburban or rural areas, in an effort to serve the broader community, as well as continuously improve customer reception and service.

Seeking to highlight cash transactions, Al Barid Bank obtained authorization to create a subsidiary specialized in this area on 8 July 2013 under the name "Barid Cash" and plans to open 400 points of sale by 2017, with an investment programme of 121.5 million Moroccan dirhams.

A review of the experiences of the leaders on the Moroccan expatriate fund transfer market, namely, Groupe Banque populaire and Attijariwafa Bank, generated the following conclusions:

1. The establishment of the main Moroccan banking groups through the creation of subsidiaries that use the facilities offered after adopting rules related to the "European passport" regarding the creation of branches or the freedom to provide services (without setting up in a country);

⁵⁵ Amin Benjelloun Touimi, CEO of Barid Al Maghrib "Notre vocation à Al Barid Bank, c'est un compte pour tous" (Our vocation at Al Barid Bank is one account for everyone) www.lematin.ma of 9 May 2012.

⁵⁶ Since 2011, MoneyGram, through this partnership, will have over 5,000 branches throughout the country.

⁵⁷ Only Al Barid Bank and BCP are members of this corporation, www.eurogiro.com.

⁵⁸ Created in the United States in 1999, Dirham Express has established itself over the years on the money transfer market by gradually expanding its network. Since Europe is now one of the main immigration destinations, Dirham Express obtained its own payment institution licence, issued by the United Kingdom, and is setting up operations in no fewer than 7 European countries, including France, Italy, Spain and the United Kingdom.

⁵⁹ www.transfert.ma.

2. The offer of assistance product packs, bank insurance products and customer loyalty programmes with a recent trend toward remote banking products for the new generation of Moroccan expatriates. This orientation corroborates the idea that “the market, while sophisticated, is relatively saturated in traditional segments (transfer, housing credit tension) of first generation Moroccan expatriates”⁶⁰;
3. The establishment of a competitive intelligence system and action plans aimed at winning the loyalty of this strategic clientele segment by focusing on the Moroccan identity and culture;
4. The use of various communication media such as the web, direct marketing, the use of communication methods in the countries of residence of Moroccans from the diaspora: radio, television, press, displays, transit vehicle advertising, raffles, etc.
5. The conclusion and diversification of partnerships aimed at strengthening fund transfer flows and reducing their costs;
6. The recent launch of the remote bank (use of the web) as a cost-cutting option;
7. Investment-related products are basically limited to real estate investment products. Portfolio investments and even productive investments are very limited and poorly promoted.

In addition, in an effort to increase the volume of fund transfers, in 2013, the main banks (Attijariwafa Bank, BCP, BMCE and Al Barid Bank) jointly launched the information portal Maghribank⁶¹. This platform is aimed at gathering and popularizing all bank offerings related to savings, investment and fund transfers in order to attract the Moroccan expatriate community.

⁶⁰ African Development Bank, 2009. “Migrant Remittances: a Development Challenge”, p. 29.

⁶¹ www.maghribank.ma.

Chapter 4

Investment dimension of Moroccan expatriate fund transfers

Despite their importance to the Moroccan economy, only a small share of fund transfers by Moroccan expatriates are used for investment purposes. The creation of companies by Moroccan expatriates, who could potentially act as intermediaries with key markets for the Moroccan exportable offering, has yet to reach its potential. Fund transfers generally remain capital flows, instead of being transformed into investment projects creating jobs and added value.

1. Weak Moroccan expatriate investment dynamic

The share of transfers earmarked for investment projects is modest, representing only 7.7 per cent of the total⁶². At the sectoral level, the real estate sector holds the lion's share of these investments, at nearly 500 million Moroccan dirhams per year during the period 2005-2011 or 71 per cent of investments (98 per cent in 2011). It is followed by the tourism sector (116 million Moroccan dirhams or 17 per cent), the industry sector (55 million Moroccan dirhams or 8 per cent) and the trade sector (16 million Moroccan dirhams or 2 per cent).

Table 9

Investments made by Moroccan expatriates by sector of activity (in millions of Moroccan dirhams) (*)

Sectors	2005	2006	2007	2008	2009	2010	2011	Average (2005-11)	Share (2005-11) (per cent)
Real estate	283	198	293	644	443	692	929	497	71
Tourism	17	113	261	113	177	125	6	116	17
Industry	0.4	10	163	70	125	10	7	55	8
Trade	0.1	60	0.2	29	-	2.1	1.8	16	2
Other	0.5	80	9	24	12	2	3.2	19	3
Total	301	461	726	880	757	831	947	700	100

Source: Foreign Exchange Office.

(*) These are transactions financed in cash and declared as investments by Moroccan expatriates. These data do not include investments financed by cash in Moroccan dirhams.

Real estate remains the dominant sector for migrant investments, because it is a sign of social success and also has symbolic and emotional value for the migrant living so far from home. The construction of a home in the country of origin provides security against the vagaries of life⁶³, on the one hand, and does not require the physical presence of these Moroccans in their country of origin, on the other. The impact of this sector is very significant in that housing

⁶² “Plus de 7% consistent en investissement direct. Le reste va soit à des placements financiers (0,65%), soit à des achats de valeurs mobilières (OPCVM, actions).” “Les Marocains résidant à l'étranger - l'utilisation des transferts- Observatoire de la Communauté marocaine à l'étranger.” (Over 7 per cent consist of direct investment. The rest goes either to financial investments (0.65 per cent) or to securities purchases (UCITS, shares).) (Moroccan expatriates – Use of transfers – Observatory on the Moroccan Community Living Abroad). Hassan II Foundation for Moroccans Living Abroad, 2008., p. 98.

⁶³ Migration et compétences au Maroc (Migration and Skills in Morocco) “Résultats de l'enquête 2011-2012 sur la migration et le lien entre compétences, migration et développement” (Results of the 2011-2012 survey on migration and the link between skills, migration and development).

conditions result in a better ability to work, as well as better nutrition and education for children. In turn, this type of investment promotes a dynamic local economy, since the various trades linked to the building sector (construction material, carpentry, foundry, etc.) foster the development of small business and drive the creation of direct and indirect jobs (Hachana, 2007).

Apart from the high concentration of real estate, investments by Moroccan expatriate investments are also characterized by the amounts invested, the investment sectors, and the type and location of projects. Moroccan expatriates invest mainly in small projects, the investment amount of which is less than 500,000 Moroccan dirhams (40 per cent of the total). In contrast, major projects exceeding 5 million Moroccan dirhams represent only 14 per cent⁶⁴ of investments.

Another important feature is related to the profile of Moroccan expatriates. This profile, according to each generation, influences the choice of sectors. For first and second generations of Moroccan expatriates, 65 per cent to 72 per cent of total investments involve the real estate sector. The rest is divided among the other sectors, at a rate of 70 per cent for services and 30 per cent for agriculture, agri-food and industry.

Unlike the farming and trade sectors, which attract mainly small projects, service activities focus on projects requiring a relatively high investment. Third-generation Moroccan expatriates tend to favour projects in the tourism, restaurant and subcontracting sectors. The choice of location is not random, in that Moroccan expatriates generally opt for their country of origin. However, high-tech projects, as well as those related to teaching, communication and publicity techniques, are directed exclusively towards the country's major cities.

Moreover, there seems to be a growing interest in the Casablanca Stock Exchange on the part of Moroccan expatriate investors, mainly the new generations, although investment levels remain low considering the size of transfers.

In fact, portfolio investment by Moroccan expatriates made a spectacular breakthrough in the securities sector, in terms of listed shares and Undertakings for Collective Investment in Transferable Securities (UCITS). The evolution of each of these two categories is described below:

1. **Listed shares:** Investments in listed shares by Moroccan expatriates jumped from 66 million Moroccan dirhams to 308 million Moroccan dirhams in 2013, up 480 per cent. However, this amount represents only 0.22 per cent of total foreign investment estimated at 136 billion 990 million Moroccan dirhams (versus 0.3 per cent in 2011), held up to 98.71 per cent by foreign artificial persons, with a strong presence of non-resident French artificial persons.
2. **Undertakings for Collective Investment in Transferable Securities (UCITS) (Les organismes de placement en valeurs mobilières (OPCVM)):** Investment in UCITS stock by Moroccan expatriates evolved on a regular basis during the period 2002-2013, rising from 215 million Moroccan dirhams in 2002 to 371 million Moroccan dirhams in 2013, with a noticeable increase in 2008 and 2009 estimated at 64 per cent compared with 2007. This investment represented 49.10 per cent of foreign investment in UCITS in 2008 versus 27.80 per cent in 2007, falling to 39 per cent in 2011.

⁶⁴ "Investissements directs étrangers dans le monde et au Maroc." (Direct foreign investment in the world and in Morocco) Ministry of Economic and General Affairs, October 2007, p. 33.

Table 10

**Evolution of Moroccan expatriate investments in shares and UCITS securities
(in millions of Moroccan dirhams)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Investments in listed shares												
Moroccan expatriates	66	90	124	87	112	281	382	400	359	383	308	308
Foreign	20836	24959	57 783	84863	120211	145710	145269	143843	167105	147343	118100	136990
Investments in UCITS												
Moroccan expatriates	215	249	349	366	353	352	577	507	410	368	774	371
Foreign	290	525	541	566	690	1266	1175	876	862	529	1299	944

Source: Reports on Foreign investment in the Casablanca Stock Exchange / Moroccan Securities Ethics Council (CDVM).

Portfolio investments by Moroccan expatriates evolved dramatically between 2002 and 2013, jumping from 281 million Moroccan dirhams to 679 million Moroccan dirhams, or an increase of 141.63 per cent, peaking at 959 billion Moroccan dirhams in 2008 and 1082 billion Moroccan dirhams in 2012. Compared to the global volume of Moroccan expatriate transfers the same year, they represented barely 2.4 per cent in 2013 versus 1.80 per cent in 2008, but with sustained growth for both listed shares and UCITS securities.

2. Public structures

Regional investment centres (Centres régionaux d'investissement (CRIs):

These centres serve two basic functions: assistance for business creation and assistance for investors. They comprise two windows, namely, the business creation assistance window and the investor assistance window (see insert below).

Even though the regional investment centres treat investors from the diaspora on equal terms with Moroccan residents, it should be pointed out, however, that Moroccan expatriates enjoy certain advantages. The services provided by regional investment centres for Moroccan expatriates can be summarized as follows:

1. Celebration of a national day for Moroccan Expatriates on August 10 of each year (organization of meetings, open houses, workshops/debates, etc.);
2. Priority response to solicitations by Moroccan expatriates (requests for information by email or postal mail);
3. Organization of delegations of economic and institutional operators to the host countries of the diaspora to meet with Moroccan expatriates and make them aware of the economic situation and investment opportunities in the region.

That said, certain regional investment centres have managed to differentiate themselves from others in terms of their approach toward this segment. In fact, the place of Moroccan expatriates in the strategic orientations of certain regional investment centres is evident through the targeted messages on their website or the establishment of committees dedicated to Moroccan expatriates⁶⁵. Based on the data collected from five regional investment centres that responded to the questionnaires, the following observations were made:

1. On an annual average, the number of businesses created by Moroccan expatriates varies from region to the next, ranging from 15 to 90;
2. In most cases, investment projects are carried out by Moroccan expatriates themselves. That said, certain Moroccan expatriates partner with national investors;
3. The average investments by Moroccan expatriates vary from one regional investment centre to the next, ranging from slightly more than 1 million Moroccan dirhams to 15 million Moroccan dirhams. The sectors of interest for Moroccan expatriates also depend on the region's potential;
4. Investment opportunity studies are carried out for the benefit of Moroccan expatriates⁶⁶ ;
5. The problems of investors from the diaspora vary in scope from one region to the next. For certain regions, the choice of project and financing is a pressing issue. For others, the real estate problem remains a deterrent to investment.

⁶⁵ The case of the regional investment centres known as the Souss Massa Draa CRI, where Moroccan expatriates represent 4 per cent of all visitors.

⁶⁶ The case of the Souss Massa Draa CRI, which conducted a study on the areas of Taroudante, Tiznit, Tata.

That said, other problems emerge due to the investor, the presentation of incomplete cases, the absence of intermediary to follow up the case or the inability of the intermediary to provide appropriate case follow-up or represent Moroccans living abroad. Some Moroccan expatriates present their cases during their stay in Morocco and demand a swift investigation, ignoring the procedures in effect.

In terms of coordination, the regional investment centres maintain a special partnership with the Fondation banque populaire pour la création d'entreprise ⁶⁷, the Confédération générale des entreprises du Morocco (CGEM) and, in the farming regions, the Fonds de Développement Agricole (Agricultural Development Agency). Coordination is part of the support and/or financing of investment projects. The relationship with the structures dedicated to Moroccan expatriates is virtually absent or limited. Some regional investment centres have concluded framework agreements with the Club des investisseurs des Marocains de l'étranger.

Box 2

Duties of regional investment centres

The business creation assistance window remains the sole intermediary for anyone wishing to create any type of business and to access this service. This window will have provincial, prefectural or communal annexes, based on needs and means. Its employees provide applicants with a single form containing all the information required by the legislation or regulations for creating a business. These employees carry out all the necessary steps for collecting, from the appropriate administrations, the documents or certifications required by legislation or regulations that are necessary for creating a company. Within the deadline set by the Wali, they provide the applicant with supporting documents issued by the administrations establishing the existence of the business. Regional investment centre employees must therefore be particularly aggressive and not be kept waiting by project promoters. They must also strive to facilitate the transition from informal sector to formal sector in an intelligent and flexible manner.

Regarding the investor assistance window:

- It provides investors with any useful information for regional investment. It also reviews all administrative approval requests and prepares all administrative acts required for the realization of investment projects in the industrial, agro-industrial, mining, tourism, cottage industry and housing sectors, when the investment amount is less than 200 million Moroccan dirhams, in order to allow the regional Wali to issue authorizations or sign administrative acts related to these investments;
- It reviews draft contracts or agreements to be concluded with the government, for investments related to the above-mentioned sectors, but the amount of which equals or exceeds 200 million Moroccan dirhams in order to give the investor special benefits, and then transmit them to the appropriate government authority for approval and signature by the contracting parties. Within the limits of its authority, the Wali prepares and executes the authorizations, acts and contracts necessary for carrying out the investment provided under the agreement it is in charge of executing;
- It proposes amicable solutions to differences between investors and administrations. As part of this mission, the regional investment centre actively supports new investors, while assisting companies in difficulty in order to promote the continuity of their operations.

⁶⁷ Agreements were even concluded between the regional investment centres and the Fondation pour la création de comités régionaux d'entreprises pour les Marocains résidant à l'étranger, aimed at creating space for meetings and discussions with all regional operators involved in the local private investment process.

Investment Commission

Chaired by the Prime Minister, the Investment Commission aims to implement any measure that may improve and promote the Moroccan investment environment, rule on any blocks on investment projects and simplify procedures that may block **investment projects costing over 200 million Moroccan dirhams**.

The type of project and average investment amount of Moroccan expatriates show that this Investment Commission is having little impact on this segment.

Moroccan Securities Ethics Council (Conseil déontologique des valeurs mobilières (CDVM))

As a capital market regulatory authority, the CDVM was established by Dahir providing for Law No. 1-93-212 with the mission to:

1. Ensure the protection of savings invested in securities;
2. Monitor the smooth functioning of markets;
3. Assist the government in carrying out its market regulation duties.

This structure considers all investors (including Moroccan expatriates) equally in terms of treatment, as well as access to information and financial products.

Moroccan Investment Development Agency (Agence Marocaine de développement des investissements (ADMI))

The Moroccan Investment Development Agency is a financially autonomous public institution in charge of the development and promotion of investment in Morocco.

Its mission is to establish **a welcoming orientation structure for investors**. The Agency is also **in charge of coordinating promotional activities both in Morocco and abroad**.

It provides foreign investors, including Moroccan expatriates, with information about the investment potential of different economic regions and sectors, based on the regulations in effect. It presents investors with the advantages and characteristics of Morocco in terms of setting up operations: the legal and economic context, as well as the financial benefits available at the regional and national levels. It also provides the necessary assistance for accelerating procedures and facilitating contracts with government departments. In April 2011, it launched its *After Care* service to maintain the loyalty of investors in the country: better investment project follow-up and information collection in the field, identification of facilitation needs and better coordination between local and central administrations.

The promotional nature of the Agency and the content of its offering show that it is far from meeting the needs of this segment, the investment average of which remains low considering the scope of the projects promoted by the Agency. The AMDI's repositioning project could potentially take account of this segment not yet favoured by investment promotion authorities in Morocco.

3. Private structures

Fondation création d'entreprises (FCE) of Groupe Banque centrale populaire

The Fondation création d'entreprises is a non-profit recognized public-interest association. Its mission is to:

- 1. Promote a modern, civic entrepreneurial culture among project promoters;**
- 2. Promote and facilitate investment at the regional and national levels;**
- 3. Facilitate access to financing for project promoters;**
- 4. Promote the longevity of businesses benefitting from its services;**
- 5. Ensure local proximity thanks to its network of regional offices;**
- 6. Help monitor business creation at the regional and national levels.**

In 2009, the Foundation undertook an advisory initiative to support investors in the Moroccan expatriate community. It implemented promotional activities such as participation in the Caravane de promotion de l'investissement for Moroccan expatriates in five host countries in Europe, in cooperation with the Banque populaire, Chaabi Bank Europe, Bank Amal and Club des investisseurs des Marocains de l'étranger.

Its products are aimed at two main targets:

1. Local clientele:

- Assistance for promoters of corporate ideas;
- Pre-creation support for promoters of corporate projects;
- Post-creation follow-up of recently created companies.

2. Moroccans of the World clientele:

- Pack Assist/Invest/ services dedicated to Moroccan expatriates in their host countries
- Pack Dalil /Invest/ services dedicated to Moroccan expatriates who return to Morocco.

In terms of the Moroccan expatriate market

- Participation in the programme ACEDIM I et II (Accompagnement à la création d'entreprises de la diaspora avec le partenaire ACIM) ;
- Participation of the FCE in the programme DiaMed to support the integration of young North African graduates and local entrepreneurship.

As a support structure, during 2010-2013, the FCE backed the creation of 241 businesses⁶⁸ with investments totalling 285,810 000 Moroccan dirhams and 1,178 jobs created, or an average investment of nearly 1,186,000 Moroccan dirhams per business and average job creation of nearly 5 positions per business. Business creation is focused mainly on the service

⁶⁸ Of which 51 entities were created in 2011 alone by Moroccan expatriates, representing an investment envelope of over 72 billion Moroccan dirhams and helping to create 240 jobs.

sector (61 per cent) and trade sector (15 per cent), with the Tanger region at the top of the list, followed by Agadir and Béni Mellal, as illustrated in the following figures:

Figure 24
Distribution of Moroccan expatriate investments by sector

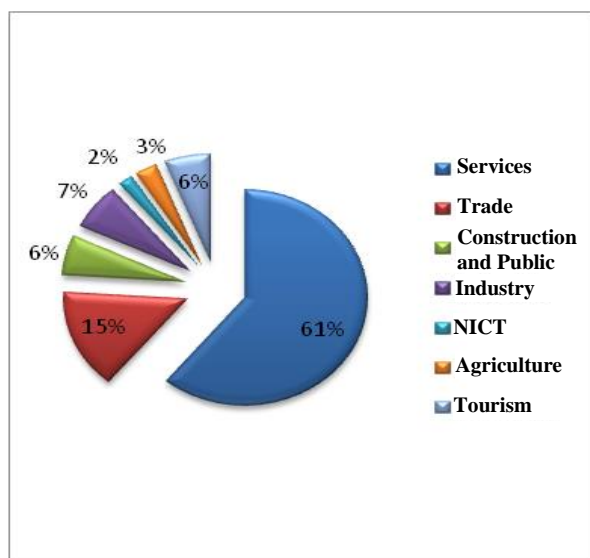
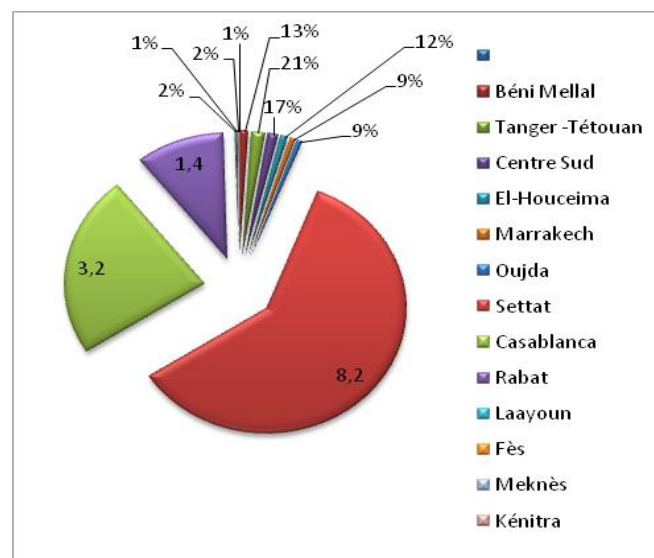


Figure 25
Distribution of Moroccan expatriate investments by region



Source: Fondation création d'entreprises/Groupe Banque centrale populaire 2010-2013.

Bank Al Amal (BAA)

Created in 1989, Bank Al Amal (BAA) has the main vocation of helping to finance the investment projects of Moroccan expatriate entrepreneurs looking to settle in Morocco. Since it was launched, BAA has promoted the creation and development of major projects carried out by entrepreneurs from the Moroccan expatriate community, allowing them to participate in Morocco's economic and social development.

In April 1992, it acquired two activities to boost its market presence, namely, the direct review of files and the granting of medium and long-term credits.

After 21 years of operation, Bank Al Amal has finally become a wholly-owned bank; the institution has been authorized by Bank Al Maghrib to collect deposits. Its initial vocation, when it was created in 1989, was to support Moroccan expatriates by financing their projects in Morocco.

However, unlike other commercial banks, BAA, while granting credits, could not collect deposits. It therefore had to refinance through other funders, including banks, which made it less competitive due to the higher cost of its resources. Crippled by this defect since its creation, the Moroccan expatriates' bank virtually became an empty shell under the pressure of increased competition.

In 2009, Banque centrale populaire took control of the institution by acquiring 40 per cent of its capital and became one of the Group's subsidiaries specialized in the support and financing of investment programmes of the Moroccan expatriate clientele. In 2010, the

institution received the authorization of the Banque centrale to start collecting deposits, but only from the Moroccan expatriate clientele.

Restructured in 2011 thanks to its association with the Group, Bank Al Amal benefits from appropriate financial, human and technical methods⁶⁹ as part of its primary mission, namely, to help finance projects carried out in whole or in part by Moroccan expatriates and/or their family members.

Bank AL Amal provides Moroccan expatriate entrepreneurs with an offering of integrated banking products and services:

1. Contact with different investment administrations and representatives;
2. Fiscal and legal advice;
3. Financial engineering;
4. Assistance in developing feasibility studies and *business plans*;
5. Technical preparation of investment files.

Table 11

Actions by Bank Al Amal in support of Moroccan expatriates (2011-2013)

Type of benefit	2011	2012	2013
Assistance and support advice	ND	ND	495 ⁷⁰
Project financing	43	ND	25
Investment amount	ND	203 million Moroccan dirhams	330 million Moroccan dirhams

Source: Annual reports of Groupe Banque centrale populaire (2011-2013).

Club des investisseurs Marocains de l'étranger (CIME)

In addition, to encourage the Moroccan expatriate community to invest in Morocco and help drive the country's development, the **Club des investisseurs Marocains de l'étranger** was created in 1997. It succeeded in tapping many projects in different regions of Morocco, at an average rate of over 50 projects per years (over 500 projects in all sectors in 1997-2007, generating 27,000 jobs and annual sales of 270 million Moroccan dirhams).

4. Institutional and regulatory framework specific to Moroccan expatriates

In the 1990s, at the institutional level and in response to the integration policies of the host countries of Moroccan expatriates, Morocco established public structures dedicated to the Moroccan expatriate community aimed at strengthening ties with the country of origin.

The Ministry in Charge of Moroccans Living Abroad, political partner in the migration issue, set up a committee to support project promoters and Moroccan investors living

⁶⁹ Annual report of Groupe Banque centrale populaire in 2011.

⁷⁰ 350 Moroccan expatriates requested sectoral information and 65 requested legal or financial support

abroad. This structure is designed mainly to inform and guide potential Moroccan investors living abroad on the different sectors of the national economy and assist project promoters who so wish, at every step - from the conception to the realization of their investment - and, lastly, to identify and establish partnerships with local players in order to encourage Moroccan expatriates to contribute to the development of their country of origin.⁷¹

As part of strengthening ties with Moroccans living abroad, the Ministry also established a centre for Moroccan expatriates, with the main objective of facilitating national efforts to promote migrant rights. The Ministry in Charge of Moroccans Living Abroad and Migration Affairs (*Ministère chargé des Marocains Résidant à l'Etranger et des Affaires de la Migration* (MCMREAM)) created a web platform targeting the skilled Moroccan expatriate community, in order to facilitate their access to information on the mobilization of Moroccan expatriate skills.

“MDM Invest”, a fund dedicated to Moroccan expatriate investments, was also established on 14 July 2009, following the signing of an agreement between the government, the Caisse centrale de garantie (CCG) and the banks. It is aimed at:

1. Contributing to the economic and social development of Morocco, mainly at the local and regional levels;
2. Promoting investments by Moroccan expatriates in Morocco.

In return for a capital contribution representing 25 per cent of the total cost of a project carried out by a Moroccan living abroad, the government grants a 10 per cent subsidy capped at 5 million Moroccan dirhams and the banks grant financing of up to 65 per cent of the total cost of the project. The amount of the investment must equal at least 1 million Moroccan dirhams.

However, this fund, managed by the CCG, failed to generate the expected enthusiasm from the Moroccan expatriate community. In fact, only 21 projects benefitted from this fund, for a total of 140,489,500 Moroccan dirhams, with a fund subsidy of 13,889,900 Moroccan dirhams and the creation of 272 jobs.

This disinterest stems from the obligation for investors to make a capital contribution and the difficulties encountered investing in Morocco (support, administration, etc.). The “MDM Invest” fund expired on 31 December 2011. A renewal of this mechanism was the focus of an agreement signed on 27 April 2013, which provided for the integration of new provisions covering mainly the eligibility criterion. In the new version and according to this criterion, investment projects promoted directly by one or more Moroccan expatriates, alone or associated with Moroccan or foreign investors, will receive support from the Fund. In the 2009 version, the Fund was dedicated exclusively to projects promoted solely by Moroccan expatriates.

The Hassan II Foundation for Moroccans Living Abroad was created in 1990 by His Majesty King Hassan II and chaired by HRH Princess Lalla Meryem. The Foundation’s main mission is to try to preserve the basic ties that Moroccan expatriates maintain with their

⁷¹ Support for Moroccan investors living abroad. <http://www.Moroccansdumonde.gov.ma/mre-services/accompagnement-pour-les-investisseurs-mre.aspx>

homeland and help them overcome the difficulties they face regarding their emigration. It is centred around six focal points, four of which are linked directly to its vocation:

1. Cultural promotion;
2. Economic promotion;
3. Legal and social assistance;
4. International cooperation and partnership.

On 25 April 2002, the Foundation and the International Organization for Migration (IOM) (Organisation internationale pour les migrations (OIM)) signed a partnership agreement regarding the creation of the Observatory on the Moroccan Community Living Abroad (**Observatoire de la communauté Marocaine résidant à l'étranger (OCMRE)**)⁷² in charge of collecting and managing data regarding the Moroccan diaspora. An effective analytical and decision-making tool, this Observatory comprises a network of experts, researchers, academics and partners of the Foundation. Through its publications, the Observatory ensures the dissemination of information and analyses, contributes to decision-making and fuels the debate on the migration issue and the situation of Moroccan expatriates.

As part of efforts to support Moroccans of the World, particularly project promoters, the **Customs and Excise Administration (Administration de la douane et des impôts indirects (ADII))** published a customs guide in May 2012 for Moroccan expatriates entitled “*Moroccans du monde : facilitez-vous la douane*” (Moroccans of the World: Make customs easier)⁷³. This guide presents the provisions and formalities for getting through customs under the best conditions, mainly those related to the exchange rate regime, temporary admissions, imports and exports to/from Morocco and payments in foreign currencies.

For its part, the **General Directorate of Taxes (Direction générale des impôts (DGI))** gives special importance to Moroccan expatriates. It participates in forums organized by the Hassan II Foundation for Moroccans Living Abroad, as well as information caravans launched in Europe by certain ministries and associations. It also takes part in the national day for Moroccan expatriates (National MRI Day), organized annually on August 10. In addition, every summer, it puts in place an information and guidance system including:⁷⁴

- A special brochure regarding the DGI reception offices, the Hassan II Foundation for Moroccans Living Abroad, as well as on the DGI web portal;
- A reception and information unit, set up since 2000 in the Hassan II Foundation for Moroccans Living Abroad, to handle their requests, whether they are elsewhere in the world or throughout the country;
- Priority given to Moroccan expatriates in all regional directorates regarding the prompt processing of their files and claims.

⁷² Report of Groupe Banque centrale populaire (2002).

⁷³ See site of the Administration de la douane et des impôts indirects. www.douane.gov.ma.

⁷⁴ Actions by the DGI to support Moroccan expatriates. <http://www.Moroccansdumonde.gov.ma/mre-services/actions-de-la-dgi-en-faveur-des-mre.aspx>.

The Council of the Moroccan Community Living Abroad (Conseil de la communauté marocaine à l'étranger (CCME)) is a national advisory and research institution under the authority of His Majesty King Mohammed VI. It was created by *Dahir* in December 2007, and constitutionalized on the occasion of the constitutional reform approved by the referendum of 1 July 2011. The CCME is in charge of monitoring and evaluating the Kingdom's public policies regarding its foreign nationals.

It also has the mission of issuing notices defending the interests of Moroccan expatriates within and outside Morocco, boosting their contribution to the country's economic, social and human development and cementing friendly, cooperative relations between Morocco and the countries of residence.

The Foreign Exchange Office grants different benefits to Moroccan expatriates. In fact, the latter enjoy those granted to resident Moroccan natural persons, as well as those granted to foreigners residing or not residing in Morocco. As Moroccans, they enjoy all the benefits granted to citizens, such as access to credits in dirhams granted by resident entities, the freedom to invest in or acquire any assets in Morocco, cash allowances to cover expenses abroad during tourist and religious trips, tuition fees, medical care, etc. The Foreign Exchange Office also provides fund transfer services for Moroccan expatriates.

Like non-resident foreigners, Moroccan expatriates benefit, as part of foreign exchange regulations, from a liberal system guaranteeing them complete freedom to carry out their foreign currency transactions. This system covers virtually all areas of interest to them, notably:

Foreign currency imports and exports:

Moroccan expatriates can freely import or export foreign currency payments, with no amount limitation. Imported or exported foreign currency in the form of bank notes must be declared to border customs services upon entering or leaving the national territory, **when the imported or exported amount is equal to or more than the exchange value of 100,000 Moroccan dirhams.**

Moroccan expatriates can redeem or export up to **50 per cent of repatriated foreign currency**⁷⁵ ceded on the foreign exchange market during the past twelve months, **up to a maximum amount of 100,000 Moroccan dirhams.** The amounts credited to their convertible dirham account are not taken into consideration.

Opening of convertible dirham accounts or foreign currency accounts: These accounts can be opened freely at the request of the interested parties, regardless of the amount of the initial foreign currency payment. The latter also benefit from international payment cards and/or credit cards based on the availability of these accounts, which they can also use for payments in Morocco and abroad.

Guarantee of transfer as investments (financed in their currency) in Morocco, in the sense that Moroccan expatriates benefit, just like foreign investors, from total convertibility for their investments in convertible dirhams or foreign currency in Morocco⁷⁶ for:

⁷⁵ In 2011, the rate was 40 per cent of repatriated and redeemed currency on the foreign exchange market over the past twelve months up to a maximum of 50,000 Moroccan dirhams, excluding currencies credited to the convertible dirham account.

⁷⁶ These advantageous provisions are legitimized by Outline Law No. 18-95 establishing the Investment Charter, under which "Natural and artificial persons of foreign nationality, residents or non - residents, as also Moroccan

1. Carrying out their investment transactions in Morocco;
2. Transferring the income generated by these investments;
3. Transferring the cession or liquidation proceeds of the investment, including realized capital gains.

Possibility of taking out loans in dirhams to finance the acquisition or construction of real estate in Morocco:

1. The acquisition of real estate located in Morocco and belonging to foreigners and the payment in foreign currency of the corresponding value abroad;
2. The transfer of income savings and fringe benefits.

The **Investment Charter** was adopted as a replacement for the different sectoral investment frameworks. It is characterized by several investment advantages, mainly tax benefits for the acquisition of property and capital goods intended for the realization of the investment, tariff incentives, added-value tax (TVA), as well as the granting of a preferential tax plan in favour of regional development.

A reform of the Investment Charter is under way to improve the incentive plan for investment in Morocco. The purpose of this bill is to present investors with a global framework. It provides for the establishment of a coherent, conventional plan, offering government budgetary and financial support, accompanied by simplified procedures.

5. Constraints limiting Moroccan expatriate investments

Despite this full arsenal of weapons regarding the business climate aimed at encouraging project promoters, particularly Moroccan expatriates, to invest in Morocco, only a minority seem interested. Furthermore, only a small percentage of fund transfers is channeled toward investment (about 8 per cent⁷⁷), in the real estate sector and in regions already prospering at the expense of rural areas condemned to disinvestment. Problems related to ownership rights, corruption, market dysfunction and bureaucracy hinder investments.

Constraints regarding the Moroccan business climate

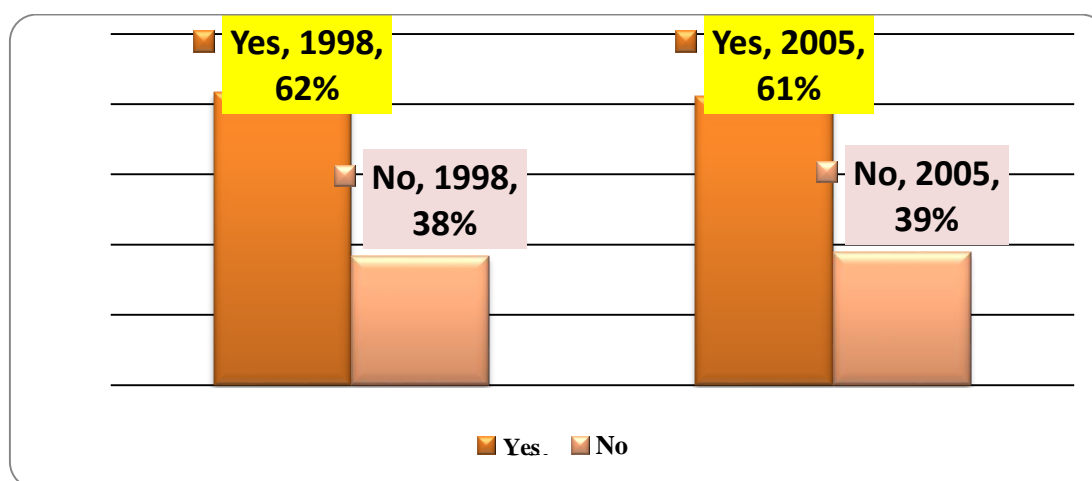
Several factors explain this disinterest of many Moroccan expatriates in carrying out projects in Morocco. Based on the results of the survey by the Hassan II Foundation for Moroccans Living Abroad, 6 out of 10 of those who invested in the Kingdom reported having encountered problems in 2005. Moreover, this percentage has not wavered since 1998 (around 62 per cent), while only one out of ten Moroccan expatriates enjoyed special advantages⁷⁸.

natural persons who carry out investments financed in foreign currency in Morocco, profit for the said investments and in the field of foreign exchange regulation, by a convertibility system that guarantees them entire liberty.”

⁷⁷ Source: Résultats d'enquête sur les marocains résidant à l'étranger : L'utilisation des Transferts, 2008 (Results of survey on Moroccan expatriates: Use of Transfers).

⁷⁸ Hassan II Foundation for Moroccans Living Abroad, 2008. “L'utilisation des transferts, résultats d'enquête ». Observatoire de la communauté marocaine à l'étranger.” ((Use of transfers – Survey results - Observatory on the Moroccan Community Living Abroad) p.119.

Figure 26

Moroccan expatriates and difficulties encountered regarding investment in Morocco

Source: Calculated according to the results of the survey on the use of transfers by Moroccan expatriates.

The survey also shows that the five main problems encountered by Moroccan expatriates in making their investments in Morocco are the same, whether in 1998 or in 2005, albeit with a few improvements. First, the administrative problem (40 per cent). It is followed by corruption, which rose from third to second place in 2005 (22.1 per cent). Taxation comes in third place (10 per cent). Financing, which was second in 1998, fell to fourth place (from 18.4 per cent to 6.7 per cent). Lastly, trust (6.4 per cent) as well as reception and information (4.5 per cent), which both total about 11 per cent.

Table 12

Types of problems encountered by Moroccan expatriate investors (1998 and 2005)

Type of problem	1998	Ranking	2005	Ranking
Administrative	42.2	1	39.9	1
Corruption	13.4	3	22.1	2
Financing	18.4	2	6.7	4
Taxation	13	4	10.1	3
Trust	6.8	5	6.4	5
Reception and information	3.8	6	4.5	7
Other	2.4	7	10.3	6
Total	100		100	

Source: Hassan II Foundation for Moroccans Living Abroad “L’utilisation des transferts : résultats d’enquête, Observatoire de la communauté marocaine à l’étranger” (Use of transfers: survey results, – Observatory on the Moroccan Community Living Abroad), 2008, p. 119.

These constraints have also been raised by several international organizations in terms of reducing the appeal of investing in Morocco and have negatively affected its ranking as a business climate, according to the report *Doing Business*, published by the World Bank, in which Morocco was ranked lower than some emerging and developing countries, including those belonging to the MENA region, or ninety-seventh in 2013.

However, the acceleration of reforms over the past two years, mainly in terms of softening procedures, has helped Morocco gradually improve its international standing from eighty-seventh position in 2014 to seventy-first position in 2015, according to the report *Doing Business*.

Table 13
Ranking of Morocco according to business environment indicators

Indicators	2013 ranking	2014 ranking	2015 ranking
Business creation	56	47	54
Granting of building contract	79	55	54
Power connection	92	87	91
Property transfer	163	126	115
Loan approval	104	99	104
Investor protection	100	118	122
Tax payments	110	57	66
Crossborder trade	47	40	31
Contract execution	88	81	81
Insolvency resolution	86	108	113
Business environment	97	87	71

Source: “*Doing Business* 2013, 2014 and 2015”.

In addition to constraints related to the general business climate, another institutional problem shows that the multiplicity of intermediaries in the migration field and the duplication of duties or actions makes things even more difficult for Moroccan expatriate project promoters.

In fact, several structures are concerned by the migration issue in Morocco, including the Minister Delegate to the Head of Government in Charge of Moroccans Living Abroad (Ministère délégué auprès du Chef du Gouvernement chargé des Marocains Résidant à l'Etranger (MCMRE)), the Council of the Moroccan Community Living Abroad (CCME), the Hassan II Foundation for Moroccans Living Abroad, the Ministry of Foreign Affairs and International Cooperation and the Ministry of Labour.

The proliferation of institutions dedicated to the diaspora and the juxtaposition of attributes, the redundancy of their roles and the complexity of actions pose a problem and significantly reduce the impact of the actions taken by Moroccans public authorities at many levels.

The lack of communication about the mechanisms in place, the business environment in Morocco and the business opportunities - mainly at the regional level, the high level of taxes and low quality of human resources, and the problem of financing are becoming pressing issues, especially combined with the banks' use of personal guaranties.

That said, these problems remain transversal, since they affect all investors - nationals or Moroccan expatriates. The problem encountered by Moroccan investors living abroad stems from the fact that they live outside the country, which constitutes an obstacle to investment in their country of origin.

Factors related to the profiles of Moroccan expatriates and their choices to invest in Morocco or the host countries

Moroccan expatriates are increasingly investing in the host countries (see table below). In fact, while 70.1 per cent of Moroccan expatriates carried out investments in Morocco in 1998, this rate was only 23.2 per cent in 2005. Conversely, more and more Moroccan expatriates preferred to invest in the host countries (23.2 per cent in 1998 versus 38 per cent in 2005). In 2005, it was mainly Moroccan expatriates born abroad who invested more in the country of residence than in Morocco (40.9 per cent versus 24.8 per cent), while those born in Morocco invested more in Morocco than in the host countries (55.9 per cent versus 37.7 per cent)⁷⁹.

Table 14

Distribution of Moroccan expatriate investments between Morocco and the host countries

	In Morocco			Abroad		
	1998 ¹	2005	Variation (%)	1998	2005	Variation (%)
ME having made an investment	70,1	52,7	-24,8	23,2	38,0	63,8
ME not having made an investment	29,9	47,3	58,2	76,8	62,0	-19,3
Total	100,0	100,0	-	100,0	100,0	-

Source: Hassan II Foundation for Moroccans Living Abroad, “Les Marocains résidant à l'étranger - l'utilisation des transferts- Observatoire de la Communauté marocaine à l'étranger.” (Moroccan expatriates – Use of transfers – Observatory on the Moroccan Community Living Abroad) 2008.

Generally speaking, several factors other than birthplace determine whether Moroccan expatriates choose to invest in Morocco or the host country. They include mainly migration seniority, professional status, prospects of resettlement in Morocco and level of education and skills.

Migration seniority constitutes one of the main explanatory factors. The percentage of Moroccan expatriates who are investors is lower in the new immigration countries (Spain and Italy) than in the old (France, Netherlands, Belgium). About three quarters of Moroccan expatriates who emigrated more than 25 years ago invested in Morocco versus 17.3 per cent for recent emigrants of less than 5 years (45.5 per cent and 10 per cent, respectively, in the host countries). **Professional status** also has an impact on investment. Thus, Moroccan expatriates with employer status invest more than employees, in Morocco and in the host country

⁷⁹ Hassan II Foundation for Moroccans Living Abroad, “Les Marocains résidant à l'étranger - l'utilisation des transferts- Observatoire de la Communauté marocaine à l'étranger.” (Moroccan expatriates – Use of transfers – Observatory on the Moroccan Community Living Abroad), op. cit., p. 109.

(66.4 per cent and 88.4 per cent versus 48.9 per cent and 38 per cent, respectively). As for retirees, they invest much more in Morocco than abroad (88 per cent and 38 per cent), with a view to resettling in Morocco. In effect, Moroccan expatriates who are thinking of returning invest more in Morocco than in the host country (66 per cent versus 57 per cent) and those who are not thinking of returning invest less in Morocco than in the host country (22.9 per cent versus 30.3 per cent).

In addition, the **level of education and type of diploma** influence investment. These two factors are inversely proportional to the tendency to invest in Morocco⁸⁰. In fact, Moroccan expatriates who invest in Morocco are mainly those with a low level of education: 74.4 per cent and 60.8 per cent, respectively, for those with no schooling and those with an elementary education versus 45.2 per cent and 42 per cent for those with a high school diploma or more.

The level of professional skills has a similar influence on investment. Thus, the percentage of Moroccan expatriates who invest in Morocco is 54 per cent for unskilled labourers, 49.1 per cent for managers and 43.9 per cent for engineers. For technicians, it is 49.4 per cent, while this percentage is higher abroad for the same categories, from 31 per cent to 39.4 per cent and 59.3 per cent to 50.1 per cent, respectively.

Figure 27
Level of education and investment

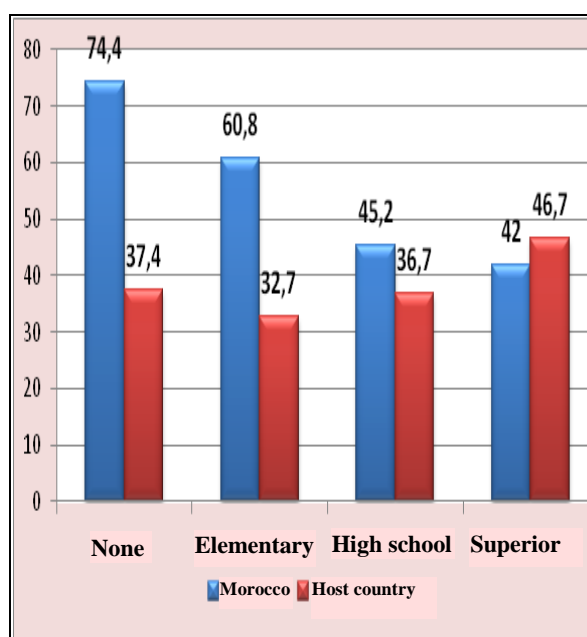
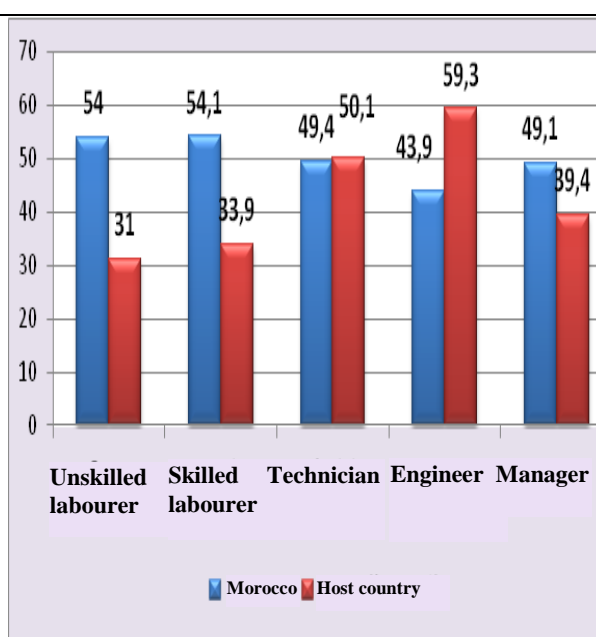


Figure 28
Level of skill and investment (percentage of Moroccan expatriates)



Source: Hassan II Foundation for Moroccans Living Abroad, Hassan II Foundation for Moroccans Living Abroad, “Les Marocains résidant à l’étranger - l’utilisation des transferts- Observatoire de la Communauté marocaine à l’étranger.” (Moroccan expatriates – Use of transfers – Observatory on the Moroccan Community Living Abroad) 2008, pp.112 and 113.

⁸⁰ “Les transferts des Marocains résidant à l’étranger : quelles mesures incitatives pour le développement de l’épargne ?” (Moroccan expatriate transfers: What incentives measures are necessary for the development of savings?). Inspection générale des finances, op. cit., p. 31.

Chapter 5

Recommendations for preserving the dynamic of fund transfers and strengthening their role as a lever for development

In terms of access to information and quantitative and qualitative data:

1. Regularly publish a report on the Moroccan expatriate population, accessible on the website of the Ministry of Foreign Affairs and International Cooperation. The nomenclature must conform to that of the Higher Planning Commission (Haut-Commissariat au plan (HCP)).
2. Highlight information about Moroccan expatriates, in as much detail as possible, in all annual reports of Bank Al Maghrib, banks, CRIs, etc. and harmonize it with their duties.
3. Set up an information and reporting system concerning the different fund transfer and collection intermediaries (Bank Al Maghrib, commercial banks, fund transfer companies and Foreign Exchange Office). Such a system will make it possible to record in real time the information necessary for developing an appropriate response strategy.
4. Create a computerized data platform on the Moroccan expatriate population that can be regularly accessed by the institutions dedicated to them.
5. Prepare an annual report on investments in Morocco outlining investment support structures and specifying investments made for Moroccan expatriates. The current implementation of a new information system “SI Invest” by the Minister of the Interior will definitely make it possible to process data regarding business creators or investors in real time and, in turn, report the investment data of Moroccan expatriates.
6. Have fund transfer data published by the Professional Fund Transfer Association. This publication will depend on access to the information available from Bank Al Maghrib and the pooling of information by fund transfer companies within this association.
7. Ensure the regular updating of the information published on the websites of the different institutions involved in supporting Moroccan expatriates.

In terms of preserving and strengthening the fund transfer dynamic

1. Consider establishing a national fund transfer brand, for the purposes of integrating the proximity factor into customer services, mainly in remote regions, and optimizing investments in the extended network. The implementation of an appropriate technological solution, adhered to by all operators, would be an asset.
2. Expand the role of fund transfer companies to include exclusive responsibility for urgent deliveries, in order to reduce informal transfers and boost market competition.
3. Strengthen the role of microfinance organizations in the institutional landscape of fund transfer players.
4. Promote bi-bancarization as a tool for bancarization and financial inclusion in the home countries and for the mobilization of transferred savings.

5. Pursue a customer loyalty policy for Moroccan expatriates that can compete with the attractive offers developed by banks in the host countries. This policy should centre around the following actions:

a) Integrating and generalizing the use of information and communication technologies (ICT) in bi-bancarization services: mobile banking, e-banking and, in a wider sense, remote banking as a tool for facilitating fund transfers and bancarization, mainly for new generations;

b) Promoting financial and investment products to migrants, as a way to mobilize the savings and know-how of foreign nationals in order to foster development. To this end, efforts should be made in terms of portfolio investments and strengthening the positioning of Undertakings for Collective Investment in Transferable Securities (UCITS);

c) Developing other faster, more cost-effective fund transfer channels using new technologies like money transfers via the Web, bank machines or even mobile devices;

d) Making bank rates legible and easy to compare for Moroccan expatriates by using several communication channels (brochure, website, etc.) and inform clients of rate updates;

e) Introducing new Islamic or ethnic financial products that will appeal to new generations of Moroccan expatriates attracted by the financial alternative just as much as by investment in the country.

In terms of supporting expatriates from Morocco wishing to invest in their country of origin

The development of an offering of expertise and support for Moroccans living abroad and wishing to invest in Morocco (legal assistance, entrepreneurial and managerial training, pre- and post-company start-up support, etc.) could be based on the skills identified abroad as part of the skill networks developed in connection with the Maghribcom programme. In this regard, the offerings of the Agence nationale pour la promotion de la PME (ANPME) aimed at boosting the competitiveness of VSBs/SMBs could be adapted to include an offering of support specific to Moroccan expatriates.

This support could start in the country of residence and materialize in the country of origin, through programmes with a proven track record: Tremplin Morocco, ACEDIM, etc. In this context, Moroccan expatriate associations, once identified, will act as intermediaries, provided that programmes reinforcing their operational capacity are developed in this area.

Increase the awareness of new generations of Moroccan expatriates about the financial market through the organization of forums and events. A partnership between the Casablanca Stock Exchange and the institutions involved in supporting Moroccans living abroad is needed to motivate them to invest in their homeland, especially since the financial climate is rapidly changing and the current reform of the Casablanca Stock Exchange law⁸¹ strengthens its independence in terms of regulations aimed at more flexibility, innovation and adaptation to the needs of its environment, as well as the creation of compartments, while ensuring respect

⁸¹ www.telquel.ma: Réforme. La Bourse fait peau neuve (Reform. The Stock Exchange is getting a makeover) 7 May 2014.

for the CDVM, the field of which will be expanded to all capital markets to create the *Autorité Marocaine du marché des capitaux (AMMC)*.

Get involved in the progressive regionalization approach being developed by Morocco by:

- a) Identifying and popularizing business opportunities at the regional level;
- b) Simplifying administrative procedures and formalities through the establishment of regional committees for the business environment, along the lines of the national business environment committee. This option will help build competitive, attractive regions for national and foreign investment.

Beyond basic information and the promotion of networks on a web platform, it would be useful to prepare a toolbox designed for Moroccan expatriate entrepreneurs that includes a list of future sectoral or professional niches (health, education, organic farming, green industry, etc.). In addition, caravans (like export caravans) or seminars should be organized in the main host countries to make Moroccan expatriates aware of the investment opportunities in Morocco, using the diaspora's network. It would be wise to use an original slogan to encourage and motivate Moroccans living abroad to support Morocco's development.⁸²

The Home Sweet Home (*Un retour heureux*) programme in Provence, France targeting French expatriate entrepreneurs attracted many project promoters through awareness-raising seminars abroad and investment aid packages.

In addition, a detailed, updated database of investments by Moroccan expatriates should be developed to closely monitor the evolution of these investments and identify their characteristics and behaviours. It would also be important, in this context, to census Moroccan expatriate investments financed through the use of convertible dirham accounts.

In terms of strengthening the institutional framework

Conduct a study to reassess the performances of the different structures dedicated to Moroccan expatriates in order to further redefine their responsibilities in terms of complementarity and optimization of public resources.

Strengthen the role of the structures dedicated to Moroccan expatriates in order to have a regional presence. The pilot project "*Les Maisons de Marocains résidant à l'étranger*" in Nador and Béni Mellal launched by the Ministry in Charge of Moroccans Living Abroad (MCMRE) as a guidance and support structure in procedures involving Moroccan expatriates must be replicated in the other regions. That said, the MCMRE should further motivate the region to allow the regional structures to reach the same information level. Close coordination with the Minister of the Interior for the organization of information and communication days at the regional and national levels would be advisable.

Strengthen the role of the Council of the Moroccan Community Living Abroad (CCME), as stated in the Constitution, in order to allow it to fulfill its mission of strategic monitoring and think tank on the development of public policies to better meet the expectations of Moroccan expatriates.

⁸² Tunisia chose "Tunisia the Green". China, "hui guofuwu" or "Come back to serve your country". Jordan, "Your home is your castle". Turkey, "Your home is the best place to invest in".

Conclusion

Fund transfers by Moroccan expatriates have become increasingly important over the years. The economic and financial impact of these transfers has a significant social dimension. They show resilience in times of crisis and are little affected by decreased activity in the host countries. The policies implemented by the home countries' financial institutions to harness the savings of migrants do not seem to be achieving their objectives.

This overall resilience does not mean that these transfers are indefinitely exempt from a turnaround. The possible scenarios that lie ahead in this regard reveal several factors likely to influence their evolution, mainly:

a) The Moroccan emigration demographic, which is weighted toward emigrants born in and integrated into the host countries, could affect the nature of the bond these emigrants establish with the home country. It should be no surprise to see a new type of behaviour by Moroccan expatriates in terms of transfers, contrary to that shown by first generations of emigrants;

b) The profile of new emigrants as educated, trained and aspiring to a better quality of life magnifies the above-mentioned trend, given that the latter prefer integrating into the host communities, rather than transferring their savings to the home country with a view to an imminent return;

c) The restrictive migration policies that continue to be implemented by several countries, mainly in Europe, with regard to the portability of social rights, including pensions and other types of social benefits;

d) The competition waging on the labour market in Moroccan emigration host countries, regarding the enlargement of the European Union to countries known for their abundant and cheap labour; the economic crises that are sending host countries spiralling into recession, not to mention the social and legal constraints faced by Moroccan emigrants at some of their recent destinations, notably the Arab Gulf States;

e) Morocco's choice of public policies regarding Moroccan communities abroad. The feeling of dissatisfaction that has started to emerge recently casts doubt on the effectiveness of these policies, which are often considered to be tools for attracting the resources of Moroccans expatriates rather than better meeting the diverse expectations of these communities. Far from being inevitable, these constraints should constitute a lever for bending current policies and increasing their effectiveness so that they can become a vehicle for mobilizing fund transfers, while maintaining ties with Moroccan expatriates. Obviously, the revenues of the past could no longer produce the same results.

The actions of the public authorities would be effective only if combined with those of the private sector, mainly banks and fund transfer companies, as well as players involved in supporting Moroccans living abroad who wish to invest in their country of origin. An integrated policy, based on common goals and coupled with an action plan, would make the transfer harnessing policy more effective.

The challenge regarding Moroccan expatriate fund transfers lies not only in preserving the transfer dynamic, but also in transforming these transfers into profitable investments for

Moroccan expatriates themselves. Morocco would definitely benefit from the transfer of knowledge and know-how and these expatriated skills. The creation of businesses by Moroccan expatriates could also improve economic relations with the host countries. Their knowledge of the Moroccan reality would allow Moroccan expatriates to act as intermediaries and both economic and sociocultural exchange platforms.

To this end, structuring actions should be considered in terms of upgrading the regulatory and institutional framework governing relations with Moroccan expatriates, as well as the actions of the players responsible for this segment of the Moroccan population. A policy for harnessing the savings of Moroccan expatriates could be successful only if economic forecasts prove promising and cristalize the virtues of trust and profitability.

This means that special attention must be given to the general business environment in order to realize the potential attractiveness of the Moroccan economy as a preferred destination for Moroccan expatriate fund transfers, including their investment dimension - by far the largest and most sustainable.

In this regard, efforts to support Moroccan expatriates wishing to invest in their home country should be reviewed in terms of proximity and duration, beyond the start-up phase. Monitoring and evaluation systems should be envisaged to assess the effectiveness of actions and generate feedback from both successes and failures, in order to learn useful lessons from both.

All in all, the action of players directly involved in the Moroccan expatriate issue is vital. The competitive approach should be replaced by a concerted, coordinated approach, in order to prevent efforts from dwindling. The entire Moroccan migration ecosystem must be consolidated, cleaned up and driven by a common vision, that of maintaining ties with Moroccan expatriates and continually renewing these ties based on the changing context of the home and host countries.

Relations between Moroccan expatriates and the administration should be substantially improved in order to create the necessary assurance measures, in terms of transparency, celerity and dematerialized reports adapted to the constraints faced by Moroccan expatriates related to their stay outside the country.

Annex

List of Banks authorized by Bank Al Maghrib (2011)

1. Al Barid Bank
2. Arab Bank Plc
3. Attijariwafa Bank
4. Al-Amal Bank
5. Banque populaire du Maroc or Crédit populaire du Maroc
6. Banque marocaine du commerce extérieur (BMCE Bank)
7. Banque marocaine pour le commerce et l'industrie (BMCI)
8. CDG Capital
9. Crédit agricole du Maroc
10. Casablanca Finance Markets
11. Citibank Maghreb
12. Crédit immobilier et hôtelier CIH Bank
13. Crédit du Maroc
14. Fonds d'équipement communal (FEC)
15. Médiafinance
16. Société Générale
17. Union Marocaine de Banques (UMB)
18. Banco Sabadell
19. CaixaBank

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