

# Morocco

## Flexible banks in search of new customers

The majority of Morocco is well covered by branches of both domestic and foreign banks, with a quarter of all bank branches concentrated in and around Casablanca, the economic heart of the country.

According to Chart 1, Moroccan banks reject small and medium-sized enterprise (SME) loan applications more often than applications by larger corporate clients. The main reasons cited are a lack of cash flow/profitability of prospective SME clients, a lack of collateral or incomplete loan applications. Moroccan banks appear to encounter few problems due to insufficient historical borrower information, for both SME and large corporates. Consistent with this, virtually all banks interviewed for the BEPS II survey indicate that they use a credit bureau.

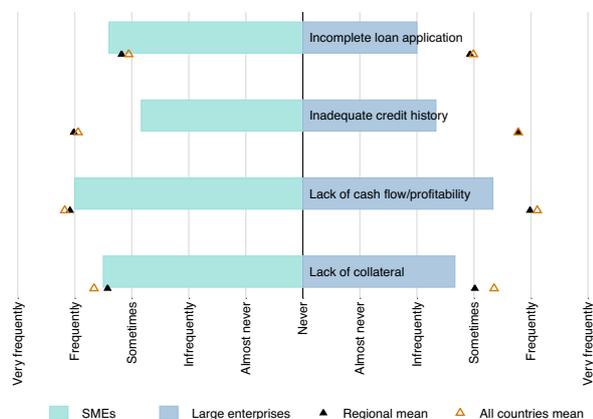
Chart 2 shows that, between 2007 and 2011, Moroccan banks started to regard a lack of funding as a major constraint on their lending, in particular to larger clients. This increase is also substantial when compared to other EBRD countries, both in and outside of SEMED.

both large firms and SMEs, particularly the latter, Moroccan banks still cite insufficient credit demand as the main factor holding back their lending.

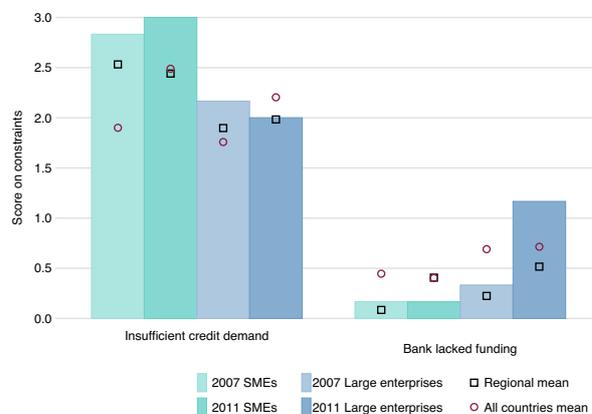
The increase in lending constraints due to limited bank funding is also reflected in how Moroccan banks view regulatory capital requirements. Banks in other SEMED countries typically think that such requirements are about right, or even too low, but more than half of the Moroccan banks surveyed in BEPS II stated that capital requirements were too high (Chart 3). This may reflect the recent increase in the regulatory capital adequacy ratio from 10 to 12 per cent and the introduction of a 9 per cent Tier I ratio, both of which were announced in mid-2012.

Most Moroccan banks agree that the current pledge and mortgage laws allow for efficient enforcement of security rights over movable and immovable assets (Chart 4). Morocco scores far better in this area than other EBRD countries. This also reflects the opinion that, while slow, the courts are able to enforce decisions.

**Chart 1** Frequency of loan rejection reasons

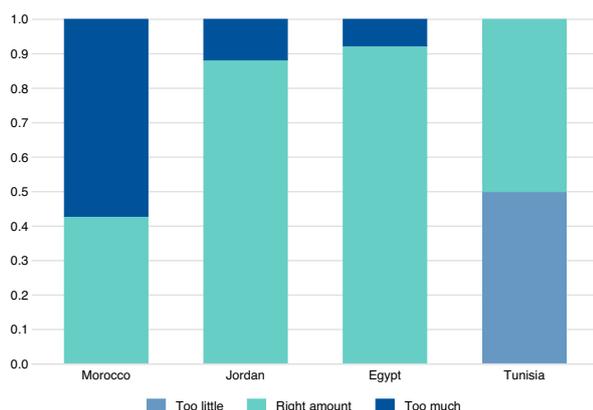


**Chart 2** Main constraints to lending\*



\*The constraint score runs from 0 to 3 with 0 signifying no constraint and 3 signifying the main constraint

**Chart 3** Banks' views on capital requirements



**Chart 4** Laws related to mortgages

