

The Banking Industry in Morocco

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Abstract This paper aims to shed some lights and document the activity of the banking industry in Morocco and to highlight areas where problem arises during the period from 2007-2012, by examining the structure, and performance of the Moroccan banking industry as a whole. It was found that the outlook for the Moroccan banking sector is positive, where total banks' assets reached a balance of Moroccan Dirhaim 1,040,648,449, presenting 126 percent of Gross Domestic Product at current prices at the end of 2012. On the other hand, there are still a lot of opportunities in the industry, such as retail segment, lending to SME's and the Islamic banking segment.

Keywords Banking Industry – Performance – Morocco

JEL Classification G21 - L25 - N15

Introduction

A large number of developing countries have adopted the International Monetary Fund(IMF) and/or the World Bank programs to improve and enhance their financial system, where the financial system in most developing countries is dominated by banking sector (Ben Naceur *et.al.* 2011).

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Middle Eastern and North African (MENA) countries as other developing countries have deregulated their banking system; one of these countries is Morocco.

Morocco is a unique Arab country in North Africa and has a population of over 33 million and it is classified as lower middle income country, where Gross Domestic Product (GDP) per capita was US \$ 3.09206 in 2013 (World Bank, World Development Indicators (WDI)). Morocco has been successful in achieving rapid economic growth benefiting from social and political stability (Mansour and Castel 2014), where the GDP (base year 1998) has grown from Moroccan Dirham (MAD) 802 607 million Dirham in 2011 to MAD 828 169 million in 2012, with a growth rate of 3.2 percent (Bank Al-Maghrib, 2012). This paper aims to shed some light on and document the activity of the banking industry in Morocco and to highlight areas where problem arises during the period from 2007-2012, by examining the structure, and performance of the Moroccan banking industry as a whole.

The rest of the paper is organized as follows. Section two, reviews the extend of the development of the banking industry and its institutional structure. The following three sections offer a review of the development of total assets, total loans outstanding and total deposits of Moroccan banks. Then we examine the performance and concentration of the Moroccan banks. The paper concludes with a summary and conclusions.

Development and Structure

This section presents an analysis of the Development and Institutional Structure of the Banking Industry in Morocco.

Development of the Moroccan Banking System:

The history of banks in Morocco goes back to the early 19th century, exactly in 1906 where the act of Algeciras was signed, with the participation of 13 countries (12 European countries, the united state of America and Morocco) which introduced the establishment of (State Bank of Morocco) in 1907 to perform the duties of financial agent of Moroccan government and issuing banknotes (Bank Al-Maghrib website).

During the French protectorate many European banks established subsidiaries in Morocco, such as (Banque Commerciale du Maroc). The Attijari Bank was established in 1911, where it was merged in 2003 with (Wafa Bank) to be called (Attijariwafa Bank). Two Spanish banks was established (Societe Generale) in 1915 and (Bancosabadell) in 1940.

In the 20's, many banks was established to finance particular field, such as (Credit Immobilier et Hotelier) to finance real estate. In 1926, (Al Barid bank)

was established and in 1929 a Moroccan commercial bank (Credit du Maroc) was established. Before 1943, there were no particular law to organize the banking industry until they laid a law under the supervision of the director of finance (Bank Al-Maghrib website) and in the same year another commercial bank was established (Banque Marocaine du Commerce et L'industrie). The 50's was an important and critical period for Morocco; another supplement law was issued in 15 January 1954 and 17 January and 16 April 1955. After the independence of Morocco in 1956, in 30 June 1959 by Dahir number 1-59-233 the (Bank of Morocco) was established to serve as a Central bank of Morocco, as a stated-owned institution to maintain and supervise the monetary policy in the country (Bank Al-Maghrib website). In 1959 (Banque Marocaine du Commerce Extérieur) was established and (Fondos D'Equipment Communal) was established to finance territorial communities.

Three banks was established in the 60's, in 1961 (Banque Populaire Du Maroc) was established and (Credit Agricole du Maroc) was established to finance agricultural field while in the 90's it started to finance comprehensive services. In 1967 (CitiBank Maghreb) was established. In 1987, the name of the Central Bank of Morocco (Bank of Morocco) was changed to (Bank AL-Maghrib) (Bank Al-Maghrib website). The (Mediafinance) was established in 1996. In 2006 a Moroccan investment bank was established (CDG Capital S.A), and two banks were established in 2009 (Bank Al Amal), which is a non-profit organization to finance microfinance projects and a Spanish saving bank (Caja De Ahorros Y Pensiones De Barcelona).¹

Institutional Structure

There are many credit institutions in Morocco, such as banks, finance companies, offshore banks, microcredit associations, funds transfer companies and other institutions that provide credit. In 2012, the banks represent 22.1 percent of the total number of credit institutions, under Dahir number 1.05.38,23 November 2005, the banking industry in Morocco is supervised by the central bank of Morocco (Bank Al-Maghrib), it is a stated owned institution with a capital of MAD 500,000,000 and managed by a board of directors under chairmanship of the governor (Credit Institutions and Similar Bodies Laws and Regulation Report, 2005).

As it is indicated in Table (1), the number of banks increased from 16 banks (5 of them are foreign owned banks and 5 of them are public owned banks) in 2007 to 19 banks (7 of them are foreign owned banks and 5 of them are public owned banks) in 2012.

¹ The list of banks operating in Morocco were obtained from Bank Al-Maghrib, 2012, while their data were obtained from banks' website.

Table 1 Number of Credit Institution and Similar Entities in Morocco during the period (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Banks	16	18	19	19	19	19
Including						
Foreign-Owned Banks	5	7	7	7	7	7
Public-Owned Banks	5	5	6	6	5	5
Finance Companies	37	37	36	36	35	36
Offshore Banks	6	6	6	6	6	6
Microcredit Association	14	13	12	12	13	13
Funds Transfer Companies	0	7	9	8	10	10
Other Institutions	3	3	2	2	2	2
Total	76	84	84	83	85	86

Source: Bank Al-Maghrib (different years).

As it is indicated in Table (2), the banking services in 2007 was conducted through 4,474 branches in 2007 and it increased to reach 5,447 branches in 2012, where 24 percent of branches were in Grand Casablanca, 11 percent of branches were in Rabat-Sale'-Zemmour_Zae'r and 9 percent of branches were in Oriental region, which indicates the enhancement of banks density in Morocco, where it was one branch per 6,700 inhabitants in 2007 and it reached one branch per 5,900 inhabitants in 2012. The use of credit cards in transaction increases during the period from 2007 to 2012, were ATM numbers increases by 2,353 machines to reach 5,476 in 2012. This will ensure the delivery and spread of banking services all over Morocco.

Table 2 Moroccan Banking Network during (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Bank Branches(number)	4,474	4,9	4,425	4,787	5,113	5,447
Inhabitant per branch	6,7	6,3	7,1	6,6	6,3	5,9
ATM(number)	3,123	3,629	4,144	4,545	5,024	5,476
Staff of credit Institution and Similar Entities	35	39,2	41,2	42	46,9	48,6
	Banks Abroad					
Subsidiaries(number)	10	13	18	19	20	25
Branches(number)	13	39	71	75	10	10
Representative Offices (number)	70	60	58	57	58	59

Source: Bank Al-Maghrib (different years).

On the other hand, the network of Moroccan branches abroad increases over the period from 2007-2012, taking into account that mostly of broad branches are in Sub-Saharan Africa, Middle East and in Euro area. Moroccan network abroad continued to expand, which allowed Moroccan banks to benefit from exploring new markets, increase their growth opportunities and take advantage of diversifications. The number of subsidiaries increased to reach 25 in 2012 compared with 10 in 2007. The number of branches reached 10 in 2012 compared with 13 in 2007. The representative offices reached 59 offices in 2012 compared with 70 in 2007, which can be explained by the enhancement of banks operation abroad. The number of staff of credit institutions and similar entities increased from 35,000 employees (27,435 of them works in banks) in 2007 compared with 48,600 employees in 2012(36,262 of them works in banks).

The Development of Total Assets

Total assets of the banks operating in Morocco increased remarkably during the period from 2007 to 2012, where it increased by MAD 384 049 million approximately grows by 58.50 percent. Total assets increased from MAD 656 599 million at the end of 2007 to MAD 1 040 648 million at the end of 2012.

Total assets as a percentage of GDP at current prices continued to increase during the period from 2007 to 2012 representing 106, 111, 113, 112, 121, and 126 percent of GDP, respectively. Reflecting the importance that the banking industry plays in Moroccan's economy. When analyzing the structure of the banks assets', it has been noticed that loans dominant the structure of banks' assets in Morocco, followed by investment in Security Portfolio, "Cash Values, Central Banks, Treasury and Postal Checks Service", Fixed assets and finally Other Assets. In 2012, "Cash Values, Central Banks, Treasury and Postal Checks Service", Loans, Security Portfolio, Fixed Assets and Other Assets represent 2.74, 73.73, 19.87, 2.02, and 1.64 percent of total assets, respectively(Table 3).

Table 3 The Structure of Banks' Assets in and It's Ratio to GDP(2007-2012)

Title	2007	2008	2009	2010	2011	2012
Total Assets(TA)(million Dirham)	656 599	763 092	828 117	885 616	970 935	1 040 648
Growth of TA (%)	-	16.22	8.52	6.94	9.63	7.18
TA/GDP current price (%)	106	111	113	112	121	126
Cash Values, Central Banks, Treasury and Postal Checks Service of TA(%)	9.47	8.10	5.32	4.16	3.47	2.74

Title	2007	2008	2009	2010	2011	2012
Loans of TA(%)	69.15	71.79	73.37	76.29	75.30	73.73
Security Portfolio of TA(%)	17.71	16.40	17.89	16.02	17.62	19.87
Fixed Assets of TA(%)	2.15	2.00	1.96	2.10	2.04	2.02
Other Assets of TA(%)	1.52	1.72	1.47	1.43	1.57	1.64

Source: Bank Al-Maghrib (different years)

The Development of Total Loans Outstanding

As it is indicated in Table (4), the total loans outstanding extended by the Moroccan banks increased remarkably, where it increased from MAD 454 016 million at the end of 2007 to MAD 767 310 million at the end of 2012.

Table 4 The Development of Total Loans Outstanding in million Dirham and its Ratio to GDP (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Total Loans	454 016	547 796	607 597	639 479	731 152	767 310
Growth Rate (%)	-	20.66	10.92	5.25	14.34	4.95
Total Loans/GDP current price (%)	69	75	78	81	86	87
Loans to Costumers of Total Loan (%)	79.35	81.83	82.36	82.69	84.44	85.54
Loans to Credit Institution and Similar Bodies of Total Loan(%)	20.65	18.17	17.64	17.31	15.56	14.46

Source: Bank Al-Maghrib (different years).

The total loans outstanding as a percentage of GDP at current prices ranged between 69-87 percent during the period from 2007-2012, indicating the crucial role that the banks in Morocco plays to finance investment in Morocco.

Also it is indicated that banks in Morocco extended more total loans to customers than credit institutions and similar bodies. In 2012, the rate of total loans to customers of total loans represent 85.54 percent, while the rate of total loans to customers of total loans represent 14.46 percent. On the other hand, when analyzing the distribution of total loans extended by banks in Morocco according to terms it is noted that the non-performing loans to total loans outstanding decreased from 7.9 percent in 2007 to 5 percent in 2012 indicating the enhancement in the banking industry in Morocco. The long-term loans to total loans outstanding ranged from 25.2 -27.5 percent during 2007-2012. The medium-term loans to total loans outstanding ranged from 25.7 -27.6 percent during 2007-2012. The short-term

loans to total loans outstanding ranged from 41.2 -39.9 percent during 2007-2012 (Table 5).

Table 5 Distribution of Total Loans Outstanding According to Term (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Non-Performing Loans (%)	7.90	6.00	5.50	4.80	4.80	5.00
Long-term Loans (%)	25.20	25.40	25.10	29.00	26.70	27.50
Medium-term Loans (%)	25.70	28.20	31.20	31.30	29.60	27.60
Short-term Loans (%)	41.20	40.40	38.20	34.90	38.90	39.90

Source: Bank Al-Maghrib (different years).

Analyzing the distribution of total loans extended by banks in Morocco according to economic sector it is noted that most of loans are extended to household, industry and financial activity sectors, respectively. In 2012, Households, Industry, Financial activity, Building and public works, Trade, Agriculture and Fisher, Transport and Communications, Hotel Industry and other sectors represent 28.4, 18.7, 14, 10.1, 6.4, 5.8, 5.2, 2.5, 8.9 percent, respectively from total loan outstanding.(Table 6)

Table 6 Distribution of Total Loans Outstanding According to Economic Sectors (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Agriculture and Fisher (%)	5.80	4.10	3.40	4.10	4.10	4.10
Transport and Communication(%)	5.20	4.50	4.30	4.00	4.10	4.00
Industry (%)	18.70	18.70	18.30	18.40	18.40	18.10
Financial Activity (%)	14.00	13.10	12.50	12.10	11.90	11.00
Building and Public Works(%)	10.10	12.50	14.10	13.30	13.90	12.60
Households (%)	28.40	26.50	27.60	28.10	27.60	28.90
Trade (%)	6.40	6.50	6.50	6.70	6.60	7.00
Hotel Industry (%)	2.50	2.60	3.30	2.90	2.80	2.90
Other sectors (%)	8.90	11.50	10.00	10.40	10.60	11.40

Source: Bank Al-Maghrib (different years).

On the other hand, when analyzing total loans to customers in detail as Table(7), indicated one can noticed that total loans to customers increased from MAD 360

249 million at the end of 2007 to MAD 656 371 million at the end of 2012. In 2012, Overdrafts facilities and consumer loans, Equipment, Real-Estate, Factoring and Other Loans represent 35.24, 24.14, 33.23, 1.02 and 6.38 percent of total loans to customers, respectively.

Table 7 Distribution of Total Loans to Customers (Million Dirham) (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Total Loans (customers)	360 249	448 281	500 396	553 622	617 391	656 371
Growth Rate (%)	-	24.44	11.63	10.64	11.52	6.31
Overdrafts Facilities and Consumer Loans of Total Loans Customers (%)	42.68	40.05	34.79	33.45	34.39	35.24
Equipment Loans of Total Loans Customers (%)	23.43	22.46	26.24	27.08	25.88	24.14
Real-Estate Loans of Total Loans Customers (%)	29.24	32.03	34.32	34.00	33.25	33.23
Factoring Loans of Total Loans Customers (%)	0.31	0.39	0.21	0.19	0.56	1.02
Other Loans of Total Loans Customers (%)	4.35	5.08	4.43	5.27	5.93	6.38

Source: Bank Al-Maghrib (different years).

The Development of Total Deposits

Total deposits of banks in Morocco increased by 12.48 percent in 2008 reaching a balance of MAD 559 767 million. These deposits grew by 5.47, 6.49, 8.53, and 6.36 percent in 2009, 2010, 2011 and 2012, where it reached MAD 816 232 million in 2012. Indicating the confidence in these banks. When analyzing total deposits according to the depositors, one can notice that most of the depositors are customers even though its rate of total deposits are decreasing overtime, it was 92.25 percent in 2007 and went down to reach 85.35 percent in 2012. On the other hand, the rate of credit institutions deposits to total deposits are raising from 7.75 percent in 2007 to 14.65 percent in 2012 (Table 8).

Table 8 The Development of Total Deposits in million Dirham (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Total Deposit	559 767	629 598	664 010	707 079	767 399	816 232
Growth Rate(%)	-	12.48	5.47	6.49	8.53	6.36
Deposits of Credit Institutions of Total Deposit(%)	7.75	9.04	9.45	8.38	11.75	14.65
Deposits of Customers to Total Deposit(%)	92.25	90.96	90.55	91.62	88.25	85.35

Source: Bank Al-Maghrib (different years).

The structure of deposits of credit institutions in term of type, changed significantly during the period from 2007-2012. The rate of demand deposit to total deposit went down from 25.72 percent in 2007 to 7.99 percent in 2012. Meanwhile, the rate of time deposit to total deposits went up from 74.28 percent in 2007 to 92.01 percent in 2012(Table 9)

Table 9 Distribution of Total Credit Institution Deposits (Million Dirham) (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Total Credit Institution Deposit	43 362	56 915	62 742	59 226	90 151	119 592
Growth Rate(%)	-	31.26	10.24	-5.60	52.21	32.66
Demand Deposit of total credit institution deposit (%)	25.72	16.70	9.62	21.43	12.93	7.99
Time Deposit of total credit institution deposit (%)	74.28	83.30	90.38	78.57	87.07	92.01

Source: Bank Al-Maghrib (different years).

As for structure of deposits of customers, one would note that in 2012, demand deposit represents 57.86 percent of total deposits, while saving, time deposits represent 18.84, 23.06 percent of total deposit, respectively and other accounts represent 5.24 percent of total deposits (Table 10).

Table 10 Distribution of Total Customers' Deposits (Million Dirham) (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Total Customers' Deposits	516 405	572 683	601 268	647 852	677 248	696 640

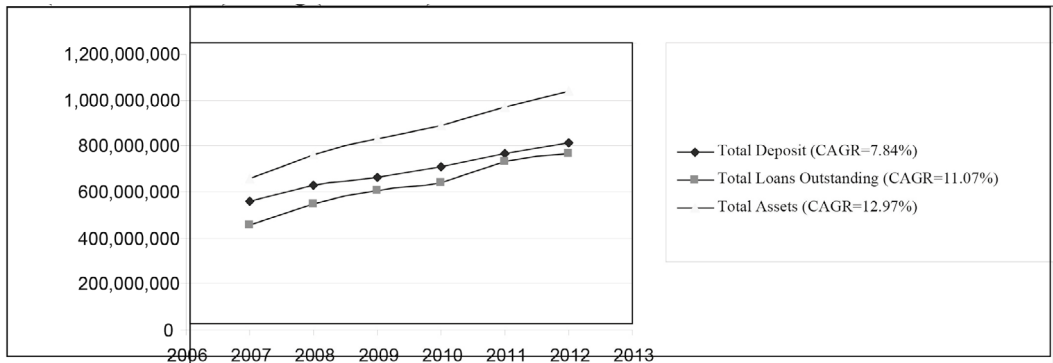
Title	2007	2008	2009	2010	2011	2012
Growth Rate (%)	-	10.90	4.99	7.75	4.54	2.86
Demand Deposit of Total Customers' Deposits (%)	58.01	54.63	55.28	55.04	57.01	57.86
Saving Deposits of Total Customers' Deposits (%)	11.46	11.44	11.95	14.47	15.08	15.84
Time Deposit of Total Customers' Deposits (%)	27.50	30.86	29.72	27.51	24.95	23.06
Other accounts of Total Customers' Deposits (%)	3.03	3.07	3.05	2.98	2.95	3.24

Source: Bank Al-Maghrib (different years).

The Performance of Moroccan Banks

As it was introduced earlier, Figure(1) indicated that total assets, total loans outstanding and total deposits have shown a progressive upward trend growing at 12.97, 11.07, and 7.84 percent per annum, respectively during the period from 2007-2012. Indicating an improvement of the Moroccan banking industry.

Figure 1 Moroccan Banks Total Assets, Total Loans Outstanding and Total Deposits (Million Dirhaim) during (2007-2012).



Source: Bank Al-Maghrib (different years).

Moroccan banks performed well compared to other countries in the region. As AttijariWafa bank was the top of the North African banks and the fifth of the African bank at the end of 2013. There were 8 Moroccan banks in the North African top 25, 3 from Tunisia, 3 from Algeria and 11 from Egypt (Table 11).

Table 11 Moroccan Banks Ranking at the end of 2013

Title	Rank of Africa	Rank of North Africa	Capital	Total Assets	Profits
			(Million \$)	(Million \$)	(Million \$)
Attijariwafa Bank	5	1	4,136	47,17	620
Banque Centrale Populaire	6	2	3,662	35,514	392
BMCE Bank Group	9	3	2,191	28,956	230
Societe Generale Morocco	25	12	1,042	10,012	70
Banque Marocaine du Commerce et de L'industrie(BMCI)	28	13	961	8,198	78
Credit Agricole du Maroc	46	19	529	8,678	38
CreditImmobilier et Hotelier (CIH)	47	20	523	5,071	63
Credit du Maroc	51	21	484	6,147	35

Source: Ford Neil(2014).

As it is indicated in Table (12), banks' solvency ratio on the basis of equity improved during the period from 2007 to 2012. It increased from 10.60 percent in 2007 to 12.30 percent in 2012. Also tier (1), increased from 9.20 percent to 10.10 percent in 2012. In the late 2010, Bank Al- Maghrib provided banks with all the technical notes needed to conduct the advanced Basel II (Bank Al-Maghrib, 2012). The improvement of solvency and tier (1) ratios complies with the new prudential requirement, which was introduced in June 2013.

Table 12 Financial Indicators of Banks in Morocco (in %) (2007-2012)

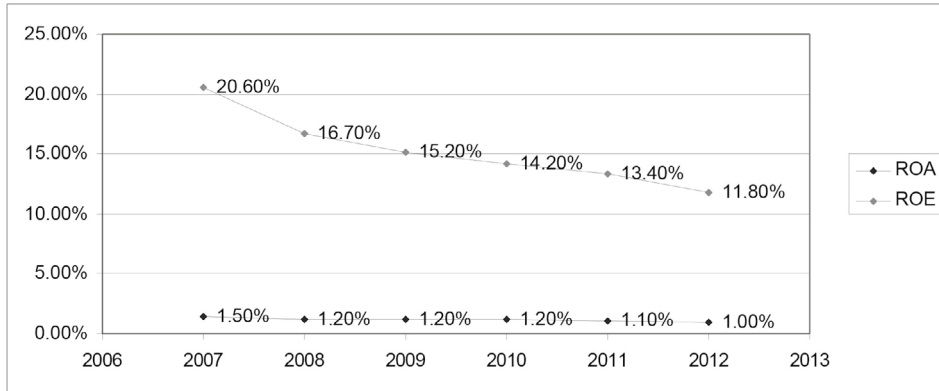
Title	2007	2008	2009	2010	2011	2012
Solvency ratio	10.60	11.20	11.80	12.30	11.70	12.30
Core Equity/Total weighted risk(Tier 1)	9.20	9.60	9.20	9.70	9.60	10.10
Non-Performance Loans/Total loans	7.90	6.00	5.50	4.80	4.80	5.00
Return on Asserts(ROA)	1.50	1.20	1.20	1.20	1.10	1.00
Return on Equity(ROE)	20.6	16.7	15.2	14.2	13.4	11.8

Source: Bank Al-Maghrib (different years).

The percentage of non-performing loans to total loans is low in Morocco (Mansour and Castel 2014). The rate of non-performing loans to total loans decreased

from 7.90 percent in 2007 to 5.00 percent in 2012, indicating the enhancement and improvement of managing risks in banks in Morocco. Unfortunately, the profitability ratios is decreasing during the period from 2007 to 2012, were ROA dropped from 1.50 percent in 2007 to 1.00 percent in 2012 and ROE went down from 20.60 percent in 2007 to 11.80 percent in 2012, as indicated by bank Al-Maghrib(2012), this was a result of the difficult surrounding economic environment(Figure 2).

Figure 2 Profitability Ratios of Moroccan Banks during (2007-2012).



Source: Bank Al-Maghrib (different years).

Comparing Morocco with other MENA countries, such as Egypt and Jordan (all these countries share a common economic structure (Ben Nasear et.al. 2011), Morocco outperform Egypt and Jordan in terms of the percentage of non-performing loans to total loans and Profitability ratio, were the percentage of non-performing loans to total loans, ROA and ROE for Egyptian banks were 9.8, 1, and 13.9 percent, respectively (Central Bank of Egypt, 2012). And the percentage of non-performing loans to total loans, ROA and ROE for Jordanian banks were 8.4, 1.14, and 8.24 percent, respectively (Association of Bank in Jordan 2013).

As it is indicated in Table (13), the banking industry in Morocco suffers from concentration. The share of the biggest three banks in Morocco (Attijariwafa Bank, Banque Centrale Populaire, and BMCE Bank Group) from total assets; total deposits and total loans outstanding represent 65.60, 65.40, and 64.50 percent of the total market, respectively in 2012.

Table 13 Concentration of Banks in Morocco (in %) (2007-2012)

Title	2007	2008	2009	2010	2011	2012
Total Assets Concentration (3 first banks)	63.40	65.00	66.00	63.60	64.60	65.60
Total Assets Concentration (5 first banks)	81.1	80.9	81.8	79.10	79.20	79.40

Total Deposit Concentration (3 first banks)	67.00	68.00	67.90	64.70	65.70	65.40
Total Deposit Concentration (5 first banks)	83.30	83.40	83.50	79.90	80.50	80.20
Total Loans Outstanding Concentration (3 first banks)	59.20	60.90	61.40	62.70	64.10	64.50
Total Loans Outstanding Concentration (5 first banks)	77.70	78.70	78.80	79.70	80.60	80.70

Source: Bank Al-Maghrib (different years).

On the other hand, the share of the biggest five banks in Morocco (Attijariwafa Bank, Banque Centrale Populaire, BMCE Bank Group, Societe Generale Morocco, and Banque Marocaine du Commerce et de L'industrie (BMCI)) from total assets; total deposits and total loans outstanding represent 79.40, 80.20, and 80.70 percent of the total market, respectively in 2012. This high concentration ratio may be an indicator of a lack of competition (Ben Naceur et al. 2011). It should be noted that 38 percent of total deposits and 63 percent of total loans outstanding were in the city "Grand Casablanca", 13 percent of total deposits and 13 percent of total loans outstanding were in the city "Rabat-Sale'-Zemmmour-Zae'r" and 9 percent of total deposits and 2 percent of total loans outstanding were in the "Oriental Region" (Bank Al-Maghrib, 2012).

In order for the banking industry of Morocco to reform after the financial crisis, Bank Al-Maghrib conducted internationally reforms such as conducting Basel III. For financial information they continued to reform the International Financial Reporting Standards (IFRS). They also adopted the financial education program, which will increase the awareness about financial products and investment. In March, 2012 Bank Al-Maghrib collaborated with different stakeholders for the first financial education action targeting young people from 8-17 ages (Bank Al-Maghrib, 2012).

Summary and Conclusion

This paper aims to shed some light on and document the activity of the banking industry in Morocco and to highlight areas where problem arises during the period from 2007-2012, by examining the structure and performance of the Moroccan banking industry as a whole. It was found that the outlook for the Moroccan banking sector is positive, stable, and well capitalized (Mansour and Castel 2014). Total banks' assets grew at a CAGR of 12.97 percent during 2007–2012, reaching MAD

1,040,648,449 at the end of 2012. Total Loans Outstanding increased at a CAGR of 11.07 percent, reaching MAD 767,309,858. While their total deposit increased at a CAGR of 7.84 percent, reaching MAD 816,231,717 at the end of 2012.

On the other hand, there are still a lot of opportunities in the industry specially in the retail segment, where the bancarization rate (total number of accounts opened with banks divided by total population) is still low in rural and suburban areas, were it was 57 percent in 2012(Bank Al-Maghrib,2012). Together with the segment of lending to SME's, were Moroccan banks provide poor financing to SME's even though SME's represent 93 percent of all companies in the country (Mansour and Castel 2014). Finally it should be noted that the most important and biggest development for banking industry in Morocco is the introduction of Islamic banks (Ford Neil, 2014).

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