



ATLAS  
BY BNP PARIBAS

CASH MANAGEMENT

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With GDP of USD 113bn in 2020, Morocco is a medium-sized economy with strong growth potential. The country has been hit very hard by the COVID-19 pandemic. In addition to containment measures, external shocks have been significant (collapse of tourism activity and a contraction of demand from Europe). Real GDP declined 6.3% in 2020. The situation could have been worse without a swift response of the authorities, both from a the monetary and fiscal policy perspective. Despite a prudent approach, public debt rose markedly to 77% of GDP but the situation is manageable as borrowing costs on the domestic market are favourable and the debt profile is sound. The decision to draw on the IMF's Flexible Credit Line has also contributed to keep foreign currency reserves at a comfortable level, and so eased pressure on the exchange rate.

In March 2020, the Central Bank widened further the band in which the MAD trades against a basket of currencies from +/-2.5% to +/-5%. The MAD has remained stable without market interventions by the central bank. Further moves are expected but the authorities will continue to follow a cautious approach to give the economy enough time to prepare. Improved MAD flexibility will strengthen international competitiveness and equip the economy to absorb shocks. The strategy is also consistent with the goal to position Morocco as a financial hub.

Looking ahead, the recovery will be gradual and uneven due notably to a very slow pick up in tourism. Real GDP will not return to its pre-pandemic level until 2022. But economic growth potential remains strong, supported by sound macroeconomic fundamentals and a solid banking sector. The fact that the country has been able to increasingly capitalise on its strategic location to become an industrial hub between Europe and Africa is also encouraging. Morocco is now the first car manufacturer in Africa, and high-quality infrastructure and competitive labour costs remain major assets. The recent decisions to overhaul the social protection framework and to restructure the country's large network of public enterprises could also help as it could place Morocco on a stronger and more inclusive growth path. But some structural constraints will take time to address, such as the relatively low level of human capital. Agriculture remains also highly significant to the economy, resulting in considerable volatility in economic growth.

## Summary

## BNP Paribas presence

BNP Paribas has been present in Morocco since 1943 through its subsidiary BNCIA bank. Today, BNP Paribas supports customers in Morocco through its subsidiary BMCI, which was first incorporated in 1964, and has 17 business centres across the country and direct access to local clearing. BMCI is the predominant foreign bank in Morocco which continues to grow. BMCI focuses on 3 core activities in Morocco: Retail Banking, Corporate & Investment Banking and Financial Services. These core areas comprise a wide range of complementary business lines including cash management, leasing, factoring, insurance etc. therefore supporting comprehensive, integrated solutions for corporate customers.

## Currency

### Currency

- Moroccan dirham (MAD)

### Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: MAD per USD	9.81	9.69	9.39	9.62	9.50

Source: IMF, International Financial Statistics, July 2021.

### Central Bank

- The Moroccan central bank is Bank Al-Maghrib ([www.bkam.ma](http://www.bkam.ma)).

#### Bank supervision

- Moroccan banks are licensed and supervised by the Banking Supervision Department of Bank Al-Maghrib.

## Bank accounts

### Resident / non-resident status

- A company is considered resident in Morocco if it is incorporated or has its place of effective management is located in Morocco.



## Bank accounts for resident entities

	Within MOROCCO	Outside MOROCCO
Local Currency	<ul style="list-style-type: none"><li>• Permitted without restriction.</li><li>• Resident foreign nationals may open convertible MAD accounts</li></ul>	Not permitted
Foreign Currency	Permitted with restrictions, fully convertible	Permitted, fully convertible

## Bank accounts for non-resident entities

	Within MOROCCO	Outside MOROCCO
Local Currency	Permitted, convertible.	Not permitted
Foreign Currency	Permitted without restriction, fully convertible	Not applicable

## Lifting fees

- Lifting fees are typically applied on a 'per mille' basis on payments between resident and non-resident bank accounts.

## BNP Paribas Cash Management Capabilities

## Collections

Cash collections	✓
Cheque collections	✓

Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	●
Virtual accounts	●
International incoming transfers	✓
Card acquiring	✓

## Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Commercial cards	●
Virtual cards	✓
International outgoing transfers	✓
SWIFT gpi	●
Real-time international payments through BNP Paribas' network	●
Card issuing	✓

## Channels

Local e-Banking	✓
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

## Payments & collections

### Market overview

Morocco is a cash-based economy. However a growing confidence in, and familiarity of, digital payments has seen the the number electronic payments surge over the past 12 months: online payments with Moroccan cards reached MAD 1.7 billion in the first quarter of 2021, up 36.6%. Transaction volume was up 61.4% to 4.36 million.

Morocco's 2020-2025 digital development plan aims to modernise social sectors in the country. The central bank meanwhile is focused on accelerating the digitisation of payment services and developing a fintech environment. Regulatory changes have been made to enable non-bank payment institutions such as telecoms companies to operate. In 2020, for example, Orange Money launched its mobile money service, as did Maroc Telco, which launched MT Cash.

Electronic banking services are available from most banks. There is no national electronic banking system in Morocco, so companies use banks' proprietary services.

Transaction and balance reporting and transaction initiation services are all available.

Online and mobile banking services are provided by the country's leading banks.

Online payment services are available for the payments of government services as well as utility bills. In 2019, the number of online payments increased 18.2% to 9.7 million on 2018 figures. In value terms, value rose 46.7% to MAD 4.8 billion.

### Payment Systems

SRBM	Type	<ul style="list-style-type: none"> <li>Real-time gross settlement.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>18 direct.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>High-value and urgent MAD-denominated credit transfers.</li> <li>Net obligations from the SIMT payment system.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>08:00–17:00 local time, Monday to Friday.</li> <li></li> </ul>
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>Payments are cleared and settled in real time from 08:30–01:00 local time.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>The SRBM is closed on all Moroccan bank holidays.</li> <li>Morocco's bank holidays are:</li> <li>2nd half 2021: 14, 20, 21 August, 19*, 20* October*, 6*, 18 November.</li> <li>2022: 1, 11 January, 1, 2*, 3* May, 10, 11, 30 July*, 14, 20, 21 August, 8, 9 October*, 6, 18 November.</li> </ul>
GSIMT	Type	<ul style="list-style-type: none"> <li>Automated clearing system.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>27, direct.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>Low-value (MAD 10 million or less) and non-urgent MAD-denominated payments.</li> <li>Paper-based payments (cheques, bills of exchange) which are truncated into electronic items before being processed.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>N/A</li> </ul>
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> <li>Payments are cleared and settled electronically on a next-day basis.</li> <li>Payments are processed during two clearing sessions.</li> <li>Final net settlement takes place via the SRBM from 09:00–09:30 local time.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>The SIMT is closed on all Moroccan bank holidays.</li> <li>Morocco's bank holidays are:</li> <li>2nd half 2021: 14, 20, 21 August, 19*, 20* October*, 6*, 18 November.</li> <li>2022: 1, 11 January, 1, 2*, 3* May, 10, 11, 30 July*, 14, 20, 21 August, 8, 9 October*, 6, 18 November.</li> <li>* The date shown may vary by plus or minus one day. These dates are derived by converting from a non-Gregorian calendar (e.g., Muslim or Hindu) to the Gregorian calendar. Some of these dates cannot be determined in advance with absolute accuracy, even by the governing authorities. In the case of Muslim dates in particular, the feast days are determined by the sighting of a new/full moon.</li> </ul>



## Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax payments.
- High-value and urgent credit transfers can be settled in real time via the SBRM.
- Low-value (MAD 10 million or less) credit transfers can be settled on a next-day basis via the SIMT.
- In 2019, credit transfers accounted for 42% of all non-cash payments, and 50% of the value. The number transactions via GSIMT increased 13.2% in 2019 to 84.1 million, with a value of MAD 1,894 billion, a 6.4% increase.

## Direct debits

- Direct debits are used for regular payments, such as utility bills.
- Direct debits can be settled on a next-day basis via the GSIMT.
- In 2019, direct debits accounted for 14% of all non-cash payments. In value terms, they comprised 5% of the total.

## Cheques

- The cheque is a cashless payments instrument used by both consumers and companies.
- Cheques are truncated into electronic items before being settled on a next-day basis via the GSIMT.
- Non-standardised cheques can be settled bilaterally between banks.
- In 2019, cheque payments accounted for 13% of all non-cash payments (14% 2018). In value terms, cheques account for 35% of the value of all cashless transactions.

## Card payments

- The share of card payments in the total volume of cashless payments in 2019 was 28%. Value was just 1% of the total.
- There were 17.6 million bank cards in circulation at the end of Q1 2021.
- In Q1 2021, the total number of card payments was 100.9 million, with a value of MAD 84.6 billion, a 2.9% and 4.6% increase on Q1 2020. Growth in card payments is largely due to the increase in payments through Electronic Payment Terminals (EPT). The number of payments via EPTs with Moroccan cards reached 18.8 million transactions in Q1 2021, up 8.11% compared to the same period last year. Value rose 6.9% to MAD 7.2 billion dirhams.
- Visa, Mastercard and CMI-branded cards are most widely issued.
- Card transactions are exchanged via the HPSS payment switch and settled via the domestic Centre Monétique Interbancaire (CMI) payment system. The CMI system has 35 participants.

- All other payments are settled on a same-day basis by individual card-issuing companies or internally by banks.
- Morocco is in the process of migrating to the EMV standard; 92.4% of all cards had migrated to the EMV standard by end -2019.

## ATM/POS

- There were 7,734 ATMs in Morocco at the end of March 2021.
- There are 55,000 equipped point of sale in Morocco.
- Contactless ATMs were launched in Morocco in 2021.
- All ATMs in Morocco are EMV-compliant.
- Payments are processed via a national switch, the HPS Switch. There are 24 participants in HPS Switch.

## Electronic wallet

- No national electronic wallet schemes exist in Morocco.
- Pre-paid cards are available. As of end-March 2021, there were 2.1 million pre-paid cards in circulation.
- There are more than 440,000 mobile wallets registered in Morocco.
- Mobile payment apps are such as M-wallet, ibriz and Inwi Money available.
- In February 2021, Al Barid Bank launched the country's first fully digital bank card. The card does not need to be linked to a checking account and can be reloaded like a pre-paid card.
- QR payment codes are available.
- HPS Switch has implemented a new mobile payment switch, HPS Switch Mobile. Seventeen banks participate in the mobile payment Switch.

## Short term investments

## Market overview

### Interest payable on credit balances

Interest-bearing accounts are permitted.

### **Demand deposits**

- Demand deposits denominated in MAD or major foreign currencies are available.

### **Time deposits**

- Time deposits are available in MAD or major foreign currencies with terms ranging from one month to three years.

### **Certificates of deposit**

- Domestic banks issue certificates of deposit with varying terms.
- They can be issued paying fixed or variable interest.

### **Treasury (government) bills**

- Bank Al-Maghrib issues treasury bills on behalf the Treasury for terms of three, six and twelve months and two years.

### **Commercial paper**

- Domestic commercial paper is issued by non-financial companies with fixed rates of interest. Leasing companies in Morocco issue 'Bills of Finance Companies'.

### **Money market funds**

- Mutual investment funds (organismes de placement collectif en valeurs mobilières - OPCVMs) are available.



### **Repurchase agreements**

- Repurchase agreements are available, with maturities ranging from three months to two years.



### **Banker's acceptances**

- Banker's acceptances are not used in Morocco.




## Trade payments

Documentary credits	
Documentary collections	

## Guarantees

Bank guarantees	
Standby letters of credit	

## Supply chain management

Receivables	
Payables	
Inventory	

## Trade channels

Connexis Trade	
Connexis Supply Chain	
SWIFTNet Trade for Corporates	
Connexis Connect	
Connexis Guarantee	
SWIFTnet Supply Chain	

- BNP Paribas' subsidiary BMCI's Global Trade Solutions (GTS) team in Morocco comprises 14 people including 5 dedicated senior trade managers based in trade centres located in Casablanca and Tangiers. BMCI is one of the leading trade finance banks in Morocco with a large market share. BMCI's international trade finance activities have been awarded ISO 9001 certification, covering documentary business, foreign currency financing, international transfers and international guarantees received.

## International trade

### General trade rules

- As a member of the Greater Arab Free Trade Area (GAFTA), Morocco has eliminated most trade tariffs with GAFTA member states. GAFTA comprises Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.
- As a member of the Agadir Agreement, Morocco has eliminated trade tariffs with Egypt, Jordan and Tunisia.
- There are five free zones in Morocco.

### Trade agreements

- Morocco has FTAs with Egypt, Jordan, Tunisia, Turkey, the USA and the UAE and has advanced status with the EU.
- In January 2021, Morocco and Israel signed an economic trade cooperation agreement.
- The African Continental Free Trade Agreement (AfCFTA) is a [trade agreement](#) between 55 [African Union](#) member states. Free trading officially commenced under the AfCFTA on 1 January 2021.

### Imports / exports

Imports	Refined petroleum	Cars and vehicle parts	Natural gas	Coal	Low-voltage protection equipment	
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Primary Import sources	Spain (19.0%)	France (11.0%)	China (9.0%)	USA (7.0%)	Germany (5.0%)	Italy (5.0%)
Exports	Cars	Insulated wiring	Fertilizers	Phosphoric acid	Clothing	
Export markets	Spain (23.0%)	France (19.0%)				

## Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	19,054	21,506	24,619.7	24,694.7	23,663.4
	- services USD m	15,340	17,330	18,633.7	19,353.3	13,855.0
Imports	- goods USD m	36,684	39,571	44,872.3	44,465.9	39,170.7
	- services USD m	8,449	9,816	10,512.6	9,631.5	7,088.2
Current account as % GDP %		− 2.1	− 4.0	− 6.0	− 4.2	NA

Sources: IMF, International Financial Statistics and World DataBank, July 2021.

## Trade finance - Imports

## Documentation

- The following documentation is required in order to import goods into Morocco:



- customs declaration
- commercial invoice
- bill of lading
- packing list
- certificate of origin.

## Import licences

- Licences from the Department of Foreign Trade are required for imports of armaments, explosives, ozone-depleting substances, second hand clothing and used tyres.

## Import taxes and tariffs

- Tariffs are generally not set on imports from GAFTA members.
- Import operations are subject to VAT at a rate of 20%. Rates of 0%, 7%, 10% and 14% apply to certain designated imports.
- A special tax, the TPI, of 0.25% is levied on the value of imported goods.

## Financing requirements

- Importers of goods are authorized to pay in advance for the import of goods in the following cases:  
(1) Up to the foreign currency equivalent of MAD 200,000, regardless of the nature of the goods to be imported; (2) Up to 100% of the amount invoiced for imports of goods to be carried out by companies that have been categorized by the Foreign Exchange Office. (3) Up to MAD 1 million for companies in the aeronautics and space industries sector registered with the FEO.

## Risk mitigation

- The Moroccan Export Insurance Company (SMAEX) provides state-supported export credit insurance.
- Export credit insurance is also available from the Islamic Corporation for Insurance of Investment and Export Credit (ICIEC).

## Prohibited imports

- Prohibited imports are published on a negative list.
- Morocco prohibits the import of certain items for health and safety or moral reasons, and/or for national security.

### Trade finance - Exports

## Documentation

- The following documentation is required in order to export goods from Morocco:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list.

## Export licences

- Licences from the Department of Foreign Trade are required for exports of grain flour, charcoal, leather and hides, archaeological items, and ozone-depleting substances.

## Export taxes and tariffs

- A quality control tax of 1% is set on food exports.

## Financing requirements

- None

## Risk mitigation

- SMAEX Moroccan Society of Export Insurance (SMAEX) provides state-supported export credit insurance.
- Export credit insurance is also available from the ICIEC (Islamic Corporation for Insurance of Investment and Export Credit).

## Prohibited exports

- Prohibited exports are published on a negative list.

### Regulatory requirements

## Reporting regulations

- All transactions between resident and non-residents must be reported to the Foreign Exchange Office.

### Reporting method

- Data reported by the licensed banks on foreign exchange transactions are received on electronic format. Computerized bank statements are submitted every ten days within ten days of the end of the reference period.
- Regular bank statements summarizing transactions by the licensed intermediaries are transmitted every ten days, monthly or quarterly, depending on the type of statement, within ten days of the reference period.
- Banks submit reports electronically to the Foreign Exchange Office on behalf of their customers.

## Exchange controls

- Exchange controls are administered by the Foreign Exchange Office, under the supervision of the Ministry of Economy and Finance.
- All transactions between residents in Morocco must be settled in MAD. Transactions between Morocco and foreign countries must be settled in foreign currencies quoted by the BAM or in convertible dirhams.

- A regional payments arrangement among the central banks of Algeria, Libya, Mauritania, Morocco, and Tunisia governs payment operations among those countries. Economic operators may settle their transactions either within the framework of these arrangements or by following normal procedures.
- Export proceeds are usually required to be surrendered within one month of payment by the foreign buyer and not more than 150 days from the date of the shipment of the goods. For exports of services, repatriation must be made within 90 days of the provision of services.
- Exporters may extend commercial credits to non-residents for up to 150 days. Foreign Exchange Office approval is required for credits with longer terms which must be deemed to be of commercial necessity.
- Exporters and authorised intermediary banks can provide supplier/buyer credits to foreign clients worth up to 85% of the value of the exported goods/services.
- Proceeds generated by investments and placements abroad must be repatriated and surrendered on the foreign exchange market within 30 days following the date on which such proceeds are collected.
- The issuance/sale or purchase of capital market securities is usually required to have Foreign Exchange Office authorisation. Non-residents may purchase Moroccan securities without restriction.
- Residents require Foreign Exchange Office approval before extending financial credits to non-residents.
- Outward investment requires Foreign Exchange Office authorisation.

## Taxation

### Resident / non-resident

- A company is resident if it is incorporated in Morocco or its place of effective management is in Morocco.

### Financial instruments

- Please contact your tax adviser for information on taxation on financial instruments.

### Interest and financing costs

- Please contact your tax adviser for information on taxation on interest and financing costs.

### Foreign exchange

- Please contact your tax adviser for information on taxation on foreign exchange.

## Advance tax ruling availability

- An optional advance pricing agreement ruling procedure has been introduced.

## Capital gains tax

- Capital gains are treated as ordinary income and taxed at the normal corporate tax rate.

## Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	20%	None	None	None
Non-resident entities	10% (1)	15%	10%	10% (2)

1. Zero when the loan maturity exceeds ten years.

2. Companies that do not have their registered office in Morocco are subject to a (final) 10% tax withheld at source on the gross amount of: payments for technical assistance, or technical, scientific or similar information; fees for the use of, or the right to use, certain equipment; remuneration for the transport of goods or persons from Morocco; and certain other commissions and fees. Certain payments (e.g. rents and maintenance) related to aircraft used for international transport are exempt.

## Tax treaties / tax information exchange agreements (TIEAs)

- Morocco has signed approximately 50 income tax treaties of which around 40 are in effect.
- Country-by-country reporting has been introduced and is required for MNE groups, including: ultimate parent entities in Morocco if meeting an annual group revenue threshold of MAD 8.1225 billion in the previous year. The report must be submitted electronically within 12 months following the end of the reporting fiscal year.
- CbC reporting requirements apply for reporting fiscal years beginning on or after 1 January 2021.
- Morocco signed the OECD MLI on 25 June 2019.

## Thin capitalisation

- There are no formal thin capitalisation rules, but the deduction of interest on shareholder loans is subject to some conditions and limitations.
- Interest is deductible provided the shareholder's stock is fully paid up, the interest rate does not exceed the official annual rate and the debt:equity ratio does not exceed 1:1.

## Transfer pricing

- There is no formal transfer pricing legislation in Morocco, but transactions between related parties should be at arm's length.
- The 2021 finance law requires the submission of transfer pricing documentation during a tax audit. This requirement concerns companies that carry out transactions with foreign affiliates and which meet the following conditions:
  - Turnover equal to or more than MAD 50 million.
  - The value of gross assets equal to or exceeding MAD 50 million.

## Stamp duty

- Legal documents subject to registration duty are also subject to stamp duty of MAD 20.

## Cash pooling

- Please contact your tax adviser for information on taxation on [cash pooling](#).

## Financial transactions / Banking services tax

- Please contact your tax adviser for information on taxation on financial transactions and banking services.





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