Islamic Finance In Morocco: The Realities & Prospects

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Abstract:
This document presents the weaknesses of the monetary system in the face of the global financial crisis and the need to put in place the principles of Islamic finance in order to avoid a possible crisis. It also discusses the sources, the principles as well as the genesis of this young industry in Morocco. To do this, we analyze first of all the theoretical framework thanks in particular to a detailed explanation of the bases of the Islamic Finance and the products it offers to the market. This allows us to say the mounting of Islamic banking products still requires improvements in order to facilitate their commercialization. Subsequently we will present in our study the development of Islamic finance (the so-called conventional) in Morocco. With a presentation of its progress and its main weaknesses.

KEYWORDS: Islamique Finance, Finance conventional, SMEs, banks alternatives, Islamique financial products.

Introduction
A few years ago, the question of the Islamic finance was that very little discussed in the public debate in Morocco. This Finance was that a minor attraction.
For the regulators, the question seemed complex. For the leaders of the banks, she seemed secondary.
Today, the subject is of interest to advantage. The accumulation of oil revenues, the embrittlement of the conventional Finance and the requirements of financial traceability make the debate around the Islamic finance "free of interest" more precise. Some actors see there a complement of useful range for an expansion International Banking used to channel part of oil revenues. Others see the prospects for a bankarisation of mass of population in search of "financial products durable", in accordance with Muslim ethics.
Despite his young age, the Islamic finance has contemporary large chances of success in the West. But the increase in the complexity of the innovation of products "Sharia compliant" must be controlled. It is therefore to be hoped for a future financial council of the Islamic Shariah; preferably of public origin in France, preserves the tangible nature of this finance interest-free (FLI) so that it remains a finance at the service of the real economy. Any slippage,"speculative" based on the "effects of levers reckless" will give reason to its detractors.
The yellow line not to exceed in innovation Islamic financial therefore remains to be defined in particular in the light of the current global crisis. It constitutes one of the key issues for the emergence of a true Islamic finance to the French in the years to come.

1. Islamic finance to the conquest of the world
1.1. The west has the assault of Islamic finance
Islamic finance is developing very rapidly in recent years. The Arthuis report notes that the figures concerning the Islamic finance remain very partial and are therefore subject to deposit³. Some experts believe that the Islamic finance could exceed 3000 billion dollars of here ten years⁴, the amount is still very low compared to the traditional finance, but its prospects of growth are very high. Especially if one takes into consideration the weight of the Muslim population which presents a market of 1.6 billion Muslims in the world and which are in agreement to carry out financial operations conform to the Koranic law. A recent study of Moody's shows that the market Islamic banking is below its true potential which would be 4200 billion⁵.
The geographical distribution of this market is the following: about 70% of assets held in the region of the Persian Gulf, 20% in Asie-Malaisie and Indonesia, the remaining 10% are prisoners in Europe, notably in London, and the United States. Since twenty years, its assets have increased between 8 and 11%, as an annual average. Their progress would be of the order of 15% per year to 2010. Today, the Islamic Finance operates in over 60 countries through more than 300 financial institutions. The Dubai International Financial Center even believes that, in the next decade, 50 to 60% of the savings of the Muslims of the world, or 1.4 billion people, will be in conformity with the shariah.

"We will adapt our legal environment for that stability and innovation of our financial benefit to the Islamic finance" These words of Mrs Christine Lagarde, French Minister of the Economy, Industry and Employment, reflect the interest of the West for the Islamic finance. Must we also see there a response to Mr. Gordon Brown which he wants to make London "The Western portal is the global center of Islamic finance"?

With the globalization economic and financial support and the enthusiasm for the ethical finance and sustainable, non-Muslims are interested in Islamic Finance and can even contribute to its development outside of its natural borders, those of the countries of Islam. What have helped this finance to develop it is the Muslim countries producers of oil; they have committed significant amounts in the Islamic financial institutions.

7 Statement of Mr. Gordon Brown, June 13, 2006
This Halal finance appears as a great opportunity for the conventional banks. It is an alternative means to invest and an additional way to raise significant funds. It is a finance which allows you to win new market shares. The interest aroused by the Islamic finance exceeds the framework of the Muslim world. It becomes a global issue, the experts of the Standard & Poor's but also of Moody's expect that this finance continues its geographical expansion in the world. The strong demand, throughout the world, to financial products and services in agreement with the Shariah will encourage the growth of...
an offer of Islamic banking products always more sophisticated but tangible and stable because not based on the interest. These products are no longer the prerogative of the monarchies of the golf course or the Muslim Asia.

It is thanks to globalization that the Islamic Finance knows a renewal, with, in particular, the launch, in 2002, by Malaysia, the first loan of Islamic State, the soukouk, the obligation Islamic.

This industry could become a full-fledged financial system?

A report of Moody's Investors Services advises that the non-Muslim countries "as important on the economic plan that Japan, the United Kingdom and China believe seriously to strengthen the place of Islamic finance on their domestic market, strengthening of both the credibility of this phenomenon". These countries want to improve the attractiveness of their financial places for the capital in search of a management in accordance with the Shariah.

The governments believe that this branch of the traditional finance represents an effective tool for maintaining budgetary expenditures and to counter the negative impact of oil prices on their budgets, which leads us to think again about the standardization of financial practices which will be able to participate in a better integration of this industry and a better flexibility

1.2. The constraints of industry in the Islamic financial

Islamic finance has strengths but also of the constraints. This finance could usefully contribute to reorganization ethics of capital flows on a global scale. It can also play a role in the financing of emerging economies and in Western countries with strong Muslim minorities. It presents a potential compatible with the micro finance. It can strengthen the experiences of micro credit like the gramen Bank for agricultural projects and micro enterprises. By the technique of the waqf or taboos, it can be used in the financing of activities to a social character in the emerging economies but also in the developed economies.

8 Mohammed Damak.
9 Anwar Hassoune.
10 donation by an individual to a charity

1.2.1 A finance still fragile

The 'Achilles heel' of Islamic finance is located at least at two levels: its size and its actors.

The size of the Islamic finance industry. In a report of the Senate of May 2008, Anwar Hassoune says: "benefiting the origin of On-liquidity of the Persian gulf related to the price of oil and strengthened by the effects of 11 September, the Islamic finance is directed from the years 1990 to the clientele of individuals". Jean Arthuis notes for his part that "the Islamic finance part of the landscape of the world finance and that, supported in particular by the evolution of the course of the oil, she knew a rapid growth." Islamic finance would therefore be highly dependent on the evolution of the course of the oil. The volatility of the price of the barrel can therefore weaken it. In addition, this finance is geographically to the time little diversified. It is highly concentrated in terms of assets in the countries of the golf course and in Malaysia.

The actors of the Islamic finance are still modest in size compared to the universal banks in the western world. If one compares the average size, in terms of assets, of the ten major banks Conventional and Ten Major Islamic banks, we find that the average balance of Islamic banks is approximately $15 billion, while that of the conventional bank is 2400 billion.

the predominance of liquid deposits in the balance sheets of Islamic banks is without doubt one of the reasons for this activity somewhat constrained and the existence of a financial potential under-exploited. This situation hinders the intermediation and delays the development of banking.

The relatively small size of the financial actors can Islamic therefore constitute a brake to their international expansion. It is without doubt necessary to restructure these banks so that they evolve to an optimum size in adequacy with the global market. Operations of mergers and acquisitions are indispensable in this industry in order that they give birth to "Global Players" International. But these developments are dependent on necessary improvements at the level of the management of a high liquidity in the liabilities.
Without these improvements, Islamic banks may see their profitability altered. The actors of the Islamic Finance, as the report indicates Jouini-Pastré: "The inadequacy of human capital is, to this day, one of the main brakes on the development of Islamic finance." The report indicates that the number of experts is very low. In the world, there are less than 100 to more than 300 Islamic financial institutions.

Islamic banks” have hardly the structure, capacity, the environment and the staff to fill all these objectives” related to the implementation of the funding of projects in the form of venture capital. It is legitimate to think that the recruitment of executives and qualified staff should be done on the basis of the control of banking techniques and knowledge of the standards of the law of contracts Muslims. However, for the moment the balance in the profiles is not yet acquired. In the Islamic Finance, there is still a gap that separates the technicians of this finance, often resulting from the conventional Finance and the doctors in Muslim law who are unaware of the rudiments of finance.

12 "a Diploma of Islamic finance in Strasbourg," 12 December 2008, the rostrum.
The Islamic finance therefore lack of frameworks with the dual jurisdiction. This weakness characterizes the Europe and the United States and risk of slow down its expans.
The financial techniques and skills in Muslim law are since little exempted by university courses and large schools across the world. The question of training in Islamic finance is of concern to the spirits.
We can recall the example of the IFQ (Islamic Finance Qualification) which is the result of a partnership between the Superior School of the affairs of Beirut and the Securities and Investment Institute (SII) in London. The University of Harvard has also launched a department of Islamic finance. The countries of the golf are with respect to them already have adequate training. In France, the School of Management of Strasbourg fact figure of Pioneer, the institution will issue since January 2009 a diploma in Islamic Finance, approved Tray 511

1.2.2. The small size of the Islamic banks
Most of the Islamic banks of the countries of the golf are of the banks of relatively small size. A few figures can testify to:

- "the main Islamic bank is 100 times smaller than the largest banks conventional"
- "if one compares the average size in terms of assets, of the ten major banks Conventional and Ten Major Islamic banks, we find that the average balance of Islamic banks is approximately $15 billion, while that of the conventional bank is to 2400 Billion"
- "More than 60% of Islamic banks are below the minimum size recommended by the theoretical studies (US$500 million of assets). The assets of the largest Islamic bank (Al Rajni Banking and Investment Corporation are equal to only 2% of the assets of the largest bank in the world"

This small size underdevelops the banks to more of a title:

- The fixed charges inherent in the operation of any bank, for example the costs relating to the functioning of the Boards, weigh more heavily on the small entities;
- The risks are higher because they do not have the scale sufficient to diversify geographically or move to other banking trades;
- The offer of new products is difficult because the research activities result in charges that they cannot absorb.

Not having the possibility to recruit a staff of expertise, the solutions to get out are rare. They are often forced to concentrate their activity on a customer category, essentially the individuals, in a specialization, for example the mourabaha relative to a category of goods. Currently on a competitive market, they are not the armed forces to implement growth strategies all azimuths.

Another possibility is the consolidation with other entities or the implementation of strategies of alliances with conventional banks who want to develop activities Islamic. We are witnessing a few groupings, for example the fusion of the FIBB (Faisal Islamic Bank of Bahrain) and CIGI (Islamic Investment Company of the Gulf) which now form the Shamil Bank of Bahrain. But these groupings
are still rare and appear to be difficult to achieve, without doubt because of the family character of these banks.

2. Islamic finance in Morocco

2.1. Environment of the Islamic Finance in Morocco

before the clarification regarding the establishment of Islamic banks in Morocco which was made by the present government that you find in detail in the following paragraphs, several interpretations have questioned concerning the delay that to put the Morocco in the introduction of Islamic banks.

The introduction of Islamic banks will come of course of a bank which is located in the Middle East, and more particularly in the countries of the golf course in order to take advantage of its experiences in the field. The problem that arises is that these banks have sufficient cash their allowing to install or to buy any structure profitable if it gives them access to settle there. It is sure that a large number of the Moroccan population wants to finance with appropriations in accordance with the Islamic law, which fact that the introduction of the banks financed by the countries of the Golf will be a great return on investment. This margin of profit will escape the banks of the place in addition to the loss of their share of the market. This situation will entail colossal losses for conventional banks.

The latter have introduced alternative products coast to coast of the conventional products, but this are products considered too expensive for the Moroccan population.

This strategy has left some authors*(article published on Big Brother) think that it is a strategy made expressly for escape the Islamic banks to settle in Morocco. In effect, when they will want to install, it was explained that the country has already tried to introduce the alternative products but it has not market, nobody wanted it. This strategy will allow the banks to the place to preserve their profitability as well as their share of the market.

In reality, it is clear that alternative products have not experienced a true success, which leaves us to question if the Moroccan population is indifferent between the conclusion of a credit to interest and a credit to meet the requirements of the shariah.

The answer on this question is found in the study which has been made by the Cabinet IFAAS. The study shows that, after the sample interviewed, 94% have responded positively to the idea of saving their have in an Islamic bank, 70% are interested by the Islamic products, and 88% are interested in financial products in conformity with the Shariah.

The project director insists on the Meeting of certain conditions deemed mandatory in order to allow a good marketing of the so-called "alternative products", it is more particularly a marketing strategy very thoughtful, of a pricing acceptable and an innovation that is located in the heart of the concerns of the banks. "Innovation must be at against the concerns of the banks to develop the right products to meet the needs of the clientele and contributing to the economic growth of the country," says the director of Project.

One sees clearly that households are loans, under the conditions recited, to be financed by the alternative products and that they are not indifferent between the conclusion of a traditional credit and an alternative credit.

After the election of the Islamist party, the Party of Justice and Development (PJD), and the designation of its Secretary as the head of the Government, the Party has deposited with the Parliament the draft law governing the Islamic Finance in Morocco. According to Najib BOULIF, the Minister of general affairs and governance, the project is to put to the side of the Banking Act relative to the conventional finance, a chapter dedicated to the Islamic finance.

The request emanates from the Qatar International Islamic Bank. Indeed, the leader of the government in received on 11 December 2011 the President of the QIIB as well as the CEO of the same bank.

The talks focused on the establishment of an Islamic bank and an Islamic insurance in Morocco in the form of a joint venture with the holdings cited above.

The purpose of this joint venture is to benefit from the experience of the QIIB in matters of Islamic finance in Morocco.
"The Morocco wishes to benefit from the expertise of QIIB in the field of Islamic finance in order to boost the banking sector of Morocco and to respond to the expectations of shareholders and customers," says Benkirane, leader of the government.

It will take place in the first time to introduce a single Islamic bank in the goal to know if the public will respond positively to this implantation or not. If this is the case, the government will proceed in a second time to the enlargement of the banking network Islamic.

In view of the Muslim faith, Morocco has introduced in recent years of products called alternative, has side of the conventional products running with the interests.

These alternative products are found in the three major banks of the banking sector, namely, ATW, the PCO, and the BMCE Bank.

The Bank ATW has created a subsidiary called Dar Assafaa dedicated to alternative financing. By alternative financing, it means products which are in conformity with the shariah and the principles of the AAOIFI.

The Moroccans consider that the prices charged or the profit margin of the company of funding are too high. Some citizens prefer to use the classic form of credit than to the alternative form by invoking the reason for the high cost of alternative products, and that they explain this high cost by the monopoly situation of this company because it wants to pull its profits to the maximum by its profit margin exaggerated.

All its reasons have led me to do a search on Islamic Finance and its introduction in Morocco. Indeed, my study will focus on a concrete analysis of the alternative products charged in Morocco in the purpose of know why its products are expensive than others, is this the tax treatment that makes them expensive compared to the conventional products? Or banks abuse and take advantage of a situation of oligopoly to sell its alternative products.

2.2. The sukuks a market with strong potential for the Morocco

Morocco has a large need for funding to meet the needs of economic agents, in particular the financing of large infrastructure projects considered as a priority.

Islamic finance offers different products in order to meet the growing needs of the market, one considers the sukuks as the invention the more intelligent of this industry, the equivalent of the sukuks in the classical system is 'corporate bond'.

The Sukuk confers a right to claim to its holder with a share of profit attached to the performance of the assets underlying for, without the existence of course of an interest rate in the contract. It is therefore a product of complementary funding to the conventional products. The launch of the sukuks would be an excellent opportunity to drain more currencies to the economy.

In this period of crisis, the Sukus, have achieved a success with the prospects of rapid growth, according to the information published by Bloomberg and Zawaya, the market is estimated at $85 billion of emission, and 40.5 billion dollars of new emissions in 2012 only.
Islamic finance in Morocco is still in its launch phase, which requires the preparation of an administrative framework and favorable tax in order to facilitate the insertion of banks alternatives. For this, it is also necessary that it be democratized, that it is easy to access to those who need it and to those who may not use the traditional banking services.

On the global plan, the sovereign sukuk, who are sovereign wealth funds sukuk, can be considered as a financing solution of large projects of infrastructure such as bridges, highways.

We can say that all the conditions are met for Morocco finally starts this activity considered by some experts as a springboard for economic growth, thanks in particular to the creation of the posts of employment and the dynamization of the financial market.

2.3. The financing of the SMES-SMIS

Islamic finance could bring an added value to the small and medium business, indeed the question of funding is still a major obstacle that characterizes the SMES in Morocco, the lack of own funds is a complex essential to which contractors must provide solutions. In the face of this situation traditional bank financing remains the buoy spare available. The Moroccan banks require guarantees and the rates of interest applied remain high compared to the financial structure of SMES who also suffer from unfair treatment compared to the large enterprise. Note in passing that the entry of new banks in the market will be able to really open up new opportunities for financing to SMES.

The formulas proposed by the ISLAMIC BANKS (Alternatives) can make the relationship "bank-SME" more fair because the bank will be a true partner (principle of 3P) and not a simple intermediary. In addition, the Islamic banks will bring their expertise in order to accompany the SMES, we can add also the fact that the diversity in the field of products of Islamic finance will obviously encourage young people carriers of projects, whose major concern remains the presentation of securities and solid guarantees at the time of the request for credit from the banks classics. It should be noted also that the principle of 3P( shares of profits and losses) will upset in some sorts the working methods pursued by conventional banks which should change their behavior and methods to do in proposing other complementary solutions.

In addition, the Islamic bank is a profit-making organization responding to the Koranic law and the Shariah, this is in case a charitable institution, she shared the same goals with a conventional bank to ensure its sustainability and its survival. But the introduction of conventional banks in Morocco could change the gives, and inject a new blood in the financial system. Now the leaders of the companies are brought to change their methods of management, by adopting models based on transparency and good governance in order to seize all the opportunities offered before the other are interested. Therefore the upgrade of the SMES is become a matter of urgent in order to take advantage of the products that will be available on the market.
Finally the SMES will be the first beneficiary of this new experience, the banks will probably move to other commercial products and other investment products. Islamic finance presents itself as an alternative which will accompany the development and expansion of SMES in Morocco. This purpose can only be done through a commitment of the banks of the place that must offer products well studied in order to succeed. Similarly, leaders must also provide efforts in relation to the methods of management, transparency, and good governance, to seize this new opportunity.

A few years ago, the question of the Islamic finance was that very little discussed in the early public in Morocco. This Finance was that a minor attraction. For the regulators, the question seemed complex. For the leaders of the banks, she seemed secondary.

**Conclusion**

Today, the subject is of interest to advantage. The accumulation of oil revenues, the embrittlement of the conventional Finance and the requirements of financial traceability make the debate around the Islamic finance "free of interest" more precise. Some actors see there a complement of useful range for an expansion International Banking used to channel part of oil revenues. Others see the prospects for a bankarisation of mass of population in search of "financial products durable", in accordance with Muslim ethics.

Despite his young age, the Islamic finance has contemporary large chances of success in the West. But the increase in the complexity of the innovation of products "Sharia compliant" must be controlled. It is therefore to be hoped for a future financial council of the Islamic Shariah; preferably of public origin in France, preserves the tangible nature of this finance interest-free (FLI) so that it remains a finance at the service of the real economy. Any slippage, "speculative" based on the "effects of levers reckless" will give reason to its detractors.

The yellow line not to exceed in innovation Islamic financial therefore remains to be defined in particular in the light of the current global crisis. It constitutes one of the key issues for the emergence of a true Islamic finance to the French in the years to come. In Morocco the SMES still struggle to find adequate sources of funding, despite all the policies carried out in favor of these last, one can say therefore that it still remains of the bread on the dashboard that is either for the State or the financial institutions, thanks in particular to the improvement of the available supply and a diversification of products offered. The arrival of the banks alternatives to Morocco could boost the economy, thanks to the multiplicity of offers of funding intended for businesses and households, the SME can accelerate its growth, it must be fair to adapt with the new financial landscape thanks to a better reactivity and good governance at the level of the management and strategic choices in order to meet the challenges.

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