TWINNING PROJECT ABSTRACT

"Strengthening Bank Al-Magrhib capacity in the governance and regulation of the payments market in order to foster financial inclusion in Morocco "

Kingdom of Morocco

Beneficiary Authority: BANK AL-MAGHRIB – Department of Payment Systems Oversight and Financial Inclusion (BANK AL-MAGHRIB – Département de la surveillance des systèmes et moyens de paiement et inclusion financière)

The twinning project "Strengthening the Bank's capacity in the governance and regulation of the payments market in order to foster financial inclusion in Morocco "is funded under the EU ongoing Programme "APPUI A L'INCLUSION FINANCIERE AU MAROC" aiming at supporting the effective functioning and modernization of the payment market to foster greater financial inclusion in Morocco. Specifically, the twinning project seeks to strengthen Bank Al-Maghrib's capacity in implementing appropriate governance, as well as enhancing the legal and regulatory framework to address the needs of the payment market. By doing so, the project contributes to reducing disparities in access to finance and promoting inclusive economic growth.

The project will contribute to the achievement of the strategic pillars outlined in Bank Al-Maghrib's payment market development roadmap, as detailed below:

Axis 1: Establishing a National Strategy for Digital Payment Development

Bank Al-Maghrib aims to modernize Morocco's retail payment systems by adopting a comprehensive strategy focused on efficiency, accessibility, and security. This strategy is supported by dual governance: a National Payment Committee (CNP) for strategic oversight and a national payment scheme for operational management, fostering electronic payments such as cards, mobile payments, and instant transfers. A unified instant payment system is envisioned to simplify user experiences and enable cross-border payment interconnections.

Axis 2: Revising the Legal and Regulatory Framework

Efforts include reforming payment account regulations to expand agent networks and introducing flexibility in payment services. Bank Al-Maghrib is also drafting a new legal framework for payment methods to address technological advances and legal ambiguities. Key achievements include regulatory adjustments to facilitate social aid disbursements and promote mobile payments, resulting in significant growth in M-Wallet transactions.

Axis 3: Structuring the Electronic Payment Market

To enhance electronic payment acceptance, Bank Al-Maghrib is revising interchange fee policies and exploring a development fund to subsidize infrastructure costs in underserved areas. Collaboration with the Professional Association of Payment Institutions (APEP) is ongoing to expand use cases, focusing on public services to drive consumer adoption of electronic payments.

Axis 4: Developing Payment Infrastructure and Instruments

Bank Al-Maghrib is establishing a governance framework for instant payments, broadening the scope of the Moroccan Mobile Payment Group (GP2M) to encompass all electronic payments. Unifying existing retail payment systems aims to provide a seamless, user-friendly, and standardized experience for consumers, ensuring accessibility and ease of use across the ecosystem.

The **general objective** of the twinning programme is to contribute to the proper functioning and modernization of the payment market, promoting greater financial inclusion in Morocco.

The **specific objective** of the twinning programme is to strengthen Bank Al-Maghrib's capacities in terms of appropriate governance and the legal and regulatory framework to meet the needs of the payment market and help reduce disparities, fostering inclusive economic growth.

The **components and the required mandatory results** are listed below:

Component 1: Enhancing Bank Al-Maghrib's Capacity through Technological Advancements in Governance

This component focuses on supporting Bank Al-Maghrib in developing governance frameworks aimed at improving risk oversight, transparency, and collaboration with payment system operators. By leveraging the experience of EU Member States, Bank Al-Maghrib aims to:

- Strengthen governance and communication strategies related to electronic payments;
- Enhance reliability in measuring and monitoring payment market indicators, recognizing the critical role of data in policymaking and evaluation;
- Boost the credibility of payment methods and establish policies for developing the payment ecosystem.

Component 2: Improving the Legal and Regulatory Framework for the Payment Market

This component seeks to align Bank Al-Maghrib with the best practices and standards of the EU, facilitating the adoption of the EU acquis in electronic payment systems. Key objectives include:

- Developing a roadmap for strengthening the legal and regulatory framework governing the payment sector;
- Enhancing market competitiveness by integrating new actors into the payment ecosystem.

The components will be implemented through studies (analyses, reviews, benchmarking, diagnoses, evaluations, and so on), surveys, trainings, study tours, round tables, seminars, etc.

The maximum total budget for this project is 1,000,000.00 EUR. The deadline for submission of the twinning proposals to the Contracting Authority by the National Contact Points is Friday, May 2, 2025 and the expected start date of implementation is Monday, September 15, 2025. The duration of the project is 24 months.