

# Enhancing **financial inclusion** for Moroccan migrants and their families through the **omnichannel multi-service platform**

Implemented by  **Moneytrans**

## Project overview

### DURATION



### PROJECT GOAL

To enhance the financial resilience and economic empowerment of Moroccan remittance families through cost-effective, digitalized remittance flows from Europe, and innovations towards financial inclusion.

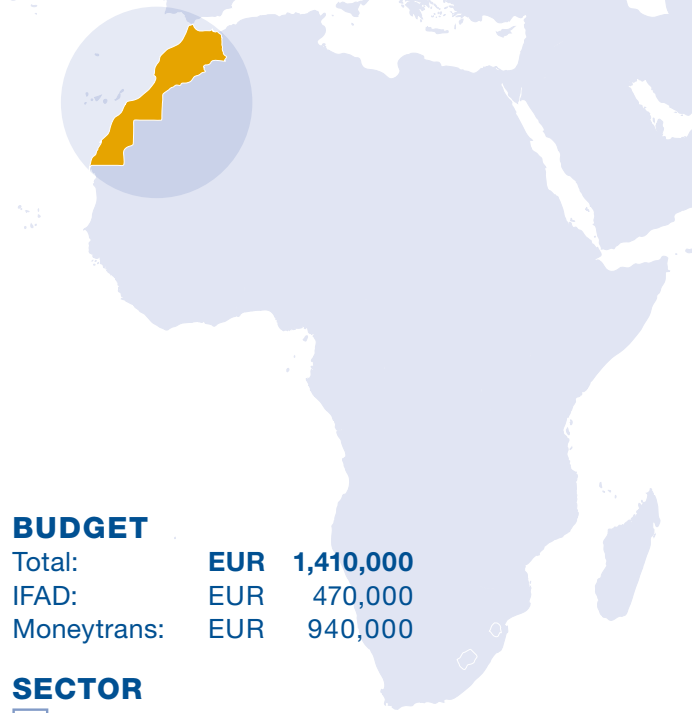
### IMPLEMENTING PARTNER

**Moneytrans Payment Services (Moneytrans)** was established as an International Money Transfer Operator (IMTO) in Belgium in 2003 and gradually positioned itself as a Europe-to-Africa IMTO champion, competing with global leaders.

In partnership with **AXA S.A.**, a French multinational insurance company headquartered in Paris, with operations in 51 countries

### GEOGRAPHIC TARGET

**Morocco** and its remittance corridors from **Belgium, France, Germany, Italy, Spain** and the Kingdom of the **Netherlands**.



### BUDGET

Total:	EUR	1,410,000
IFAD:	EUR	470,000
Moneytrans:	EUR	940,000

### SECTOR

Private  Public

### TARGET GROUP

- 18,000 Moroccan remittance senders in Belgium, France, Germany, Italy, Spain and the Kingdom of the Netherlands; and
- 31,500 remittance recipients in Morocco, of whom 30 per cent are in rural areas.

## PROJECT OBJECTIVES



### COST REDUCTION

Contribute to reducing international remittance transfer costs to Morocco, and increase access to and use of transparent and gender-responsive low-cost services.



### DIGITALIZATION

Accelerate the use of digital products and strengthen the digital payments ecosystem to facilitate international remittance transfers to Morocco.



### FINANCIAL INCLUSION

Leverage international remittances to Morocco to enhance financial inclusion and resilience of senders and recipients.



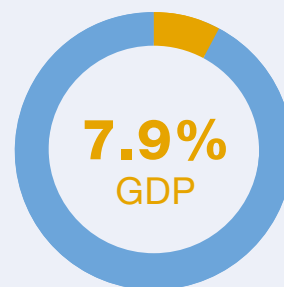
### FORMALIZATION

Promote greater access and use of formal international remittance transfers to Morocco.

## Remittance context in Morocco

- In Morocco, remittances are an important source of income for many families and contribute significantly to the country's economy. With a large diaspora, a competitive remittance market, and a strong regulatory framework that supports mobile wallets and low costs, Morocco received a total of US\$10.4 billion in remittances in 2021.
- Remittances accounted for 7.9 per cent of Morocco's GDP in 2021, making it the second-largest remittance recipient in the Middle East and North Africa region (World Bank, 2022).
- In 2019, over 2.5 million Moroccans were living in the European Union (EU) (UN DESA, 2019.), making them one of the largest non-EU immigrant groups in the region.
- Most Moroccans in the EU reside in Belgium, France, Germany, Italy, Spain and the Kingdom of the Netherlands (UN DESA, 2019). These six countries in the EU host 86 per cent of the Moroccan diaspora (Morocco Country Diagnostic, IFAD, 2022).

### REMITTANCES



Source: MobileRemit Africa 2022.

## Main challenges and market barriers

### REMITTANCE TRANSFER COSTS TO MOROCCO ARE HIGHER THAN THE SDG 10.c TARGET

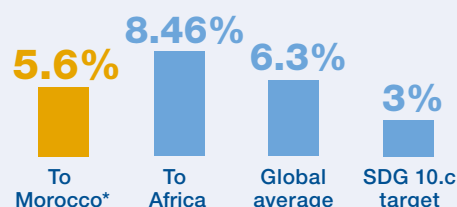


The cost of sending remittances to Morocco is 5.6 per cent, lower than the African average of 8.46 per cent. However, it remains significantly higher than the United Nations Sustainable Development Goal (SDG) 10.c target of 3 per cent.

In contrast, the average cost of sending remittances through an end-to-end digital channel to Morocco from a developed country was only 2.64 per cent in Q4 2021 (MobileRemit Africa, 2022).

### FAST FACTS

#### AVERAGE COST TO SEND US\$200



Source: T3 2022 Banque mondiale  
\* T1 2021 RemitSCOPE.

### OVER 50 PER CENT OF ADULTS ARE FINANCIALLY EXCLUDED



The financial inclusion rate in Morocco has been steadily increasing in recent years. Today 44 per cent of Moroccans have access to a bank account (Findex, 2021) versus 29 per cent in 2017 (Findex, 2017). However, there are still significant gaps in financial inclusion in Morocco, particularly among certain segments of the population. For example, the financial inclusion rate is lower among women, rural populations, and low-income households.

To address financial inclusion gaps, the Moroccan government has launched several initiatives, such as the National Financial Inclusion Strategy (NFIS), which aims at increasing financial inclusion to 50 per cent by 2023 and 75 per cent by 2030.

Financial services catered to migrants are scattered across various financial service providers (FSPs), obliging Moroccan migrants to use different ones to meet their needs. They use remittance service providers to send money back home, while Moroccan banks provide remote access to banking packages, to save, invest and make payments back home. In addition, migrants can access banks in their host countries to meet their financial needs in the country of residence. As a result, given the difficulties to aggregate those services, the migrant's financial experience remains fragmented and limited.

### ONLY 2.2 OUT OF 5 ADULTS



#### FORMALLY FINANCIALLY INCLUDED

Source: Findex 2021.

## MOBILE MONEY HAS GREAT POTENTIAL IN MOROCCO ALTHOUGH THE MARKET REMAINS CASH-BASED



Despite the lower cost of sending money to mobile wallets, the remittance market in Morocco remains predominantly cash-based. As a result, for Moroccans, remittance remains an in-cash service experienced over the counter at a branch and detached from any other financial service. This prevents the leverage of remittance digitalization as a gateway towards additional financial services, as well as the use of transactional accounts. At present, digital transfers to Morocco remain “one-leg digital”, meaning that transfers are sent through digital means but are received in cash in Morocco. For such one-leg digital remittance products, the average cost of sending remittances is 5 per cent (World Bank, Q2 2022). However, in spite of the low prevalence of mobile money in Morocco, the ability to send remittances to mobile wallets grants Morocco the MobileRemit index score of 75, placing it twenty-eighth on the continent, slightly above the continental average of 74.

## MobileRemit INDEX SCORE

# 75

MOROCCO IS TWENTY-EIGHTH ON THE CONTINENT FOR ITS ABILITY TO SEND MONEY TO MOBILE WALLETS

IFAD's MobileRemit index measures the potential for mobile remittances in a given country

Source: MobileRemit Africa 2022.

## HESITATION AROUND FORMAL CHANNELS TO SEND MONEY



The Moroccan government has taken several steps to regulate and monitor the use of informal remittances, in order to reduce the risk of money laundering and terrorist financing. However, despite these efforts, these informal flows continue to be part of the remittance landscape in Morocco, representing an estimated 10 per cent.

## Project description

IFAD is partnering with Moneytrans under the PRIME Africa initiative to accelerate the uptake of digital remittances among Moroccan migrants in the EU to enhance the benefit of these flows for families back home towards greater financial inclusion. Targeting the sending side of remittance corridors is crucial to achieve the overall development objectives that remittance transfers offer. Indeed, methods or instruments used by migrants to send money home have a direct impact on the choice of mechanisms adopted at the receiving end.

Moneytrans aims at further developing and customizing its existing digital product offering for the particular needs of Moroccan migrants, and to scale it up to facilitate the switch to digital services for Moroccan customers who are still cash-reliant. To this end, the Smile Account will support Moroccan migrants' digital financial inclusion and resilience and, in turn, that of their relatives abroad. Project activities focus on fostering adoption of digital channels and related financial services by remittance senders, including:

- 1. Scaling micro-insurance linked to remittances:** the project will leverage on an existing insurance product being piloted in partnership with AXA. This microinsurance product guarantees the flow of funds to receiving families in case of accident of migrants abroad, and expands access for Moroccans;

- 2. Raising awareness of digital remittances among Moroccan migrants** through online targeted campaigns in the EU, as well as through their physical networks in EU countries, with dedicated agents trusted by the customers;

- 3. Enabling Moroccan migrants to receive salaries directly into a formal account:** accounts with an International Bank Account Number (IBAN) allow migrants to receive salaries digitally, and to authorize direct debit for rent payments, which is often a condition to access house rentals. By enabling IBAN formatted accounts, the project will facilitate a key step towards financial autonomy for migrant workers and a more affordable option as it avoids cash-in fees; and

- 4. Expand Moneytrans customer eligibility policy:** in compliance with regulatory requirements, Moneytrans will put in place innovative know-your-customer requirements for low-risk transactions, to enhance the usability of digital payments and financial services among migrant workers in the EU.

## Expected results

### A SHIFT TO INCLUSIVE REMITTANCES AT A LOWER COST

➔ 18,000 Moroccan migrants switch towards digital remittances terminated into a formal account.

### EXPANDED FINANCIAL INCLUSION

➔ 3,000 Moroccan migrants and their families back home benefit from insurance bundled with remittances.

### INCREASED AWARENESS ABOUT DIGITAL REMITTANCE SERVICES

➔ 120,000 Moroccan migrants are reached through online marketing campaigns.

## PROJECT RELEVANCE FOR THE DEVELOPMENT AGENDA

### SUPPORTING SUSTAINABLE DEVELOPMENT GOALS



Global Compact  
FOR Migration

OBJECTIVE 20



GPII

Global Partnership  
for Financial Inclusion



2015  
VALLETTA  
SUMMIT ON MIGRATION

## LINKS AND REFERENCES

IFAD's Financing  
Facility for  
Remittances

The PRIME Africa  
initiative

RemitSCOPE –  
Morocco country  
diagnostic



International Fund for Agricultural Development  
Financing Facility for Remittances

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The **International Fund for Agricultural Development (IFAD)** is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.

IFAD's US\$65 million multi-donor **Financing Facility for Remittances (FFR)** aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

The **Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME)** is a EUR 15 million initiative co-financed by the European Union and implemented by IFAD's FFR, aimed at improving the management of remittances and their use for development impact in selected African countries.

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