



MOROCCO

CENTRAL BANK TRANSPARENCY CODE REVIEW

December 2022

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December 12, 2022

DETAILED REVIEW REPORT

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The team extends its warm thanks to Bank-Al Maghrib Board, senior management and staff, who provided excellent cooperation, and to outside stakeholders and interested public for their valuable views and insights.

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Glossary

ACAPS	Insurance and Pensions Authority
AIV	IMF Article IV
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
AMMC	Capital Markets Authority
AR	Annual Report of the BAM
AREAER	IMF Annual Report on Exchange Arrangements and Exchange Restrictions
BAM	Bank-Al Maghrib
BIS	Bank for International Settlements
CBT	IMF Central Bank Transparency Code
CC	Crisis Committee
CCSRs	Systemic Risk Coordination and Monitoring Committee
CDAI	Commission du Droit d'Accès à l'Information
CMMB	Moroccan Mediation Center
CNDP	National Commission for the Protection of Personal Data
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
ELA	Emergency Liquidity Assistance
EMC	Economic Monitoring Committee
FMEF	Moroccan Foundation for Financial Education
FSAP	IMF Financial Sector Assessment Program
FSC	Financial Stability Committee
FSR	Financial Stability Report
FX	Foreign Exchange
FXI	Foreign Exchange Intervention
GDP	Gross Domestic Product
GRC	Governance, Risk, and Compliance
GRMP	Global Risk Management Policy
HCM	Human Capital Management
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
IT	Inflation Targeting
MFC	Monetary and Financial Committee
MoF	Ministry of Economy and Finance
MoU	Memorandum of Understandings
MRP	Monetary Policy Report
MVTS	Money and Value Transfer Services
OMO	Open Market Operations
QAIP	Quality Assurance and Improvement Program
Q&A	Questions and Answers
SCCR	Systemic Risks Coordination and Monitoring Committee
SDDS	IMF Special Data Dissemination Standard
USD	U.S. Dollar

EXECUTIVE SUMMARY

The Bank Al-Maghrib (BAM) has implemented expanded and comprehensive transparency practices in a number of areas, notably related to the primary mandate of price stability and the shared mandate of financial stability. This reflects the BAM's public commitment to transparency anchored in the new 2019 BAM Law and articulated as a strategic orientation under the quinquennial plan for 2019-2023. This level of transparency enabled the BAM to gain the noteworthy trust of the stakeholders met by the mission and to safeguard its autonomy.

Improving communication with external stakeholders is a strategic objective, reinforcing the institution's strong commitment to transparency. The BAM has been working on ensuring a set of communication tools and channels to reach the public at large. Lately, it relied on digital channels, the website, video, and the use of social media. The BAM has also developed creative methods and platforms for educational purposes aiming at improving financial education. A specific communication strategy is recommended to facilitate the coordination of priorities, timeframes, and targeted actions.

The BAM's disclosure practice regarding its governance structure and framework is robust. The legal framework governing the BAM, including its legal structure, nature, mandate, and autonomy is well disclosed. In addition to publishing its up-to-date and consolidated legal framework, the BAM also publishes vital information regarding the historical context and evolution of the legal framework governing its primary mission, as well as its core and other missions. The BAM's transparency practices and the public's understanding with regard to the BAM's objectives may be further enhanced if its functions, in addition to its objectives, were distinctly described and explained to the public.

While information on the BAM's risk management practices and accountability framework is made publicly available, additional disclosures on external audit arrangements and actions taken to manage risks would further enhance transparency. The BAM provides an overview of financial and non-financial risks managed by the bank and defines the roles and responsibilities of the bodies involved in the process. In addition, key accountability mechanisms are clearly identified in the BAM's Annual Report and on its website. The BAM is in the process of enhancing transparency on its external audit mechanism and reviewing its risk management disclosures so that greater clarity on its current robust approach can be made publicly available.

To better balance between confidentiality and transparency, the confidentiality system anchored in legislation needs to be further elaborated and disclosed. The Law on the Right to Access Information and the BAM's statute provides a framework for confidentiality that needs to be explained to the public and published in the BAM's website. Moreover, further explanation on the rationale underpinning the confidentiality of information and the different degrees of confidentiality in accordance with public institutional practice and regulations is desirable.

The BAM has in place a comprehensive transparency framework for its primary monetary policy mandate. The January 2018 decision of the monetary authorities to move to a flexible exchange rate regime, and the enactment of new BAM's statute in July 2019, have provided momentum for setting a high level of transparency in the BAM's actions aimed at delivering its primary price stability mandate. The transparency framework for monetary policy is well

established covering policy decisions, supporting analysis, monetary operations, and related reporting. Transparency is high in terms of timeliness, periodicity, and disclosures. The BAM's actions to explain to the public at large its price stability mandate and the expected benefits of adoption in due time of an inflation targeting monetary framework are noteworthy. Publication of the minutes of the BAM's Board meetings, or as a first step disclosure of the main discussions and debates that support monetary policy decisions as reflected in the Board meeting minutes (as currently considered by the BAM), would further enhance the already high level of transparency.

The intricate institutional framework for exchange rate policy and its implementation, at a time of an ongoing reform of the exchange rate regime, presents challenges for transparency and communication.

The framework results in the involvement of multiple public agencies (Ministry of Economy and Finance-MoF, Office des Changes, and Bank-Al Maghrib). While the BAM's publications and communications have been sound, feedback received from several stakeholders suggests that the public may not fully appreciate the respective role of the involved public agencies, in particular regarding the scope of the BAM's advisory role versus its statutory responsibilities. Additional disclosures to enhance the understanding of the current ones would help stakeholders disentangle those responsibilities. The mission suggests that consideration be given to the addition to the website of a section dedicated to the actual design and implementation of foreign exchange policy to supplement the information already provided on the reform of the exchange rate regime. Furthermore, consideration could be given to disclosing key elements of the annual letter sent by the BAM to the Minister of Economy and Finance related to the BAM's advisory role with regard to Morocco's foreign exchange regime.

The BAM's actions to fulfill its statutory responsibility in exchange rate policy implementation are appropriately disclosed.

A broad range of communication tools have been utilized to explain the rationale and benefits of the reform of the foreign exchange market, as well as progress in establishing the building blocks for an orderly and smooth transition. The operational framework and instruments of foreign exchange interventions (FXI) are clearly disclosed, as well as the linkages with monetary policy implementation. Additional information on the role of the Monetary and Financial Committee (MFC) in the monitoring of the domestic FX market and approving the FXI budget would enhance accessibility of current disclosures.

Current transparency practices in the area of FX reserve management are broadly satisfactory but would benefit from further improvement.

While disclosures on objectives and risk exposures remains broad, other key elements of the investment policy such as investment constraints, eligibility criteria and concentration rules for counterparties are not published. Moreover, methods used for reaching investment and risk decisions are not disclosed. Despite stakeholders' limited interest in such disclosures, enhanced transparency would elevate the BAM's accountability in the event of financial losses.

The framework for macroprudential policy and financial stability monitoring is well-disclosed, with the inter-agency Systemic Risk Coordination and Monitoring Committee (CCSRS) the main source of public information on surveillance of risks to financial stability.

Its annual Financial Stability Report (FSR) is expansive and informative, but post-meeting press releases could disclose more details on the financial stability analysis underlying the Committees deliberations and conclusions. More information on stress testing models, assumptions, and

results (and their use in guiding policy) would also further enhance transparency. Macroprudential policy implementation (coordinated and monitored in the CCSRS) is within the mandates of the member institutions, and the BAM uses various timely channels of dissemination for policy decisions. The FSR discloses details on the design of macroprudential tools and how their implementation is expected to mitigate specific systemic risks.

Inclusion in the BAM Law of provisions for the granting of emergency liquidity assistance (ELA) usefully clarifies the role of the central bank in a critical area of financial stability.

Transparency would be enhanced by disclosure of the operational modalities (including regarding disclosures of ELA provisions while maintaining confidentiality as long as required) that would be implemented in the event of an activation of ELA.

As Morocco's designated AML/CFT supervisory authority for credit institutions, the BAM plays a key role in safeguarding financial integrity. The BAM discloses general information on its AML/CFT supervisory powers, policies, processes, and internal control framework. This could be supplemented with information on the conduct of independent audits performed on the function in charge of the Bank's internal AML/CFT activity. Transparency could be strengthened specifically with regards to internal AML/CFT control policies and activities, for which the BAM could publish information on completion rates and outcomes, including their oversight and effectiveness.

The BAM's disclosure practices of its official relations are done mostly through press releases that summarize the interaction with the government, bilateral arrangements with public institutions, and international cooperation. The BAM has multiple interactions with public institutions of Morocco, and it is very active with international counterparts on the multilateral and bilateral level. Transparency could be enhanced by publishing agreements that are in the public domain or upon agreement with counterparts. Accessibility and ease of understanding of the role and importance of international actions done by the BAM could benefit its transparency practice and proactive actions of disclosure of information in this regard are highly encouraged. The advisory role of the BAM with the Ministry of Finance regarding foreign exchange policy needs to be explained to the public in all relevant communication actions.

Table 1. Morocco: Central Bank Transparency Overview for Bank-Al Maghrib

Pillar	Principle		Sub-principle		Practices ¹		
					Core	Exp.	Comp.
I. Governance	1.1.	Legal Structure					
	1.2.	Mandate					
	1.3.	Autonomy	1.3.1.	Institutional/Operational			
			1.3.2.	Functional			
			1.3.3.	Personal			
			1.3.4.	Financial			
	1.4.	Decision-Making					
	1.5.	Risk Management	1.5.	Risk Management			
			1.5.1.	Risk Exposure			
			1.5.2.	Risk Framework			
	1.6.	Accountability Framework	1.6.	Accountability Framework			
			1.6.1.	Arrangements			
			1.6.2.	Tools			
1.6.3.			Anti-Corruption/COC				
1.7.	Communication	1.7.1.	Arrangements				
		1.7.2.	Strategy/Tools				
1.8.	Confidentiality						
II. Policies	2.1.	Monetary Policy	2.1.1.	Objectives/Framework			
			2.1.2.	Policy Decisions			
			2.1.3.	Supporting Analysis			
	2.2.	FX Administration	2.2.1.	Objectives/Framework			
			2.2.2.	Policy Decisions			
			2.2.3.	Supporting Analysis			
	2.3.	FX Management	2.3.1.	Objectives/Framework			
			2.3.2.	Policy Decisions			
			2.3.3.	Supporting Analysis			
	2.4.	FX Reserve Management	2.4.1.	Objectives/Framework			
			2.4.2.	Policy Decisions			
			2.4.3.	Supporting Analysis			
	2.5.	Macroprudential	2.5.1.	Objectives/Framework			
			2.5.2.	Policy Decisions			
2.5.3.			Supporting Analysis				
2.6.	Microprudential Supervision						
2.7.	ELA						
2.8.	Resolution						
2.9.	FMI						
2.10.	Financial Integrity (Internal AML/CFT Control)						
2.11.	Consumer Protection		***	***	***		
III. Operations	3.1.	Monetary Policy	3.1.1.	Instruments			
			3.1.2.	Coverage			
			3.1.3.	Access			
	3.2.	FX Administration	3.2.1.	Instruments			
			3.2.2.	Coverage			
	3.3.	FX Management	3.3.1.	Instruments			
			3.3.2.	Coverage			
3.4.	FX Reserve Management	3.4.1.	Instruments				
		3.4.2.	Coverage				
		3.4.3.	Assessment				

¹ Practices are divided into three categories: "Core," "Expanded," and "Comprehensive." Colors are associated for each practice category.

Table 1. Morocco: Central Bank Transparency Overview for Bank-AI Maghrib (concluded)

Pillar	Principle		Sub-principle		Practices		
					Core	Exp.	Comp.
	3.5.	Financial Stability Assessments and Stress Testing	3.5.1.	FS Assessments			
			3.5.2.	ST Methods			
			3.5.3.	ST Coverage			
			3.5.4.	Use of ST Results			
	3.6.	Macroprudential	3.6.1.	Instruments			
			3.6.2.	Enforcement			
	3.7.	Microprudential Supervision					
	3.8.	ELA					
	3.9.	Resolution					
	3.10.	FMI					
	3.11.	Financial Integrity (Internal AML/CFT Control)					
3.12.	Consumer Protection		***	***	***		
IV. Outcome	4.1.	Monetary Policy	4.1.1.	Governance Actions			
			4.1.2.	Policies			
			4.1.3.	Operations			
	4.2.	FX Administration	4.2.1.	Governance Actions			
			4.2.2.	Policies			
			4.2.3.	Implementation			
	4.3.	FX Management	4.3.1.	Governance Actions			
			4.3.2.	Policies			
			4.3.3.	Operations			
	4.4.	FX Reserve Management	4.4.1.	Governance Actions			
			4.4.2.	Reporting on Imp.			
			4.4.3.	Financial Results			
	4.5.	Macroprudential	4.5.1.	Governance Actions			
			4.5.2.	Policies			
4.6.	Microprudential Supervision						
4.7.	ELA						
4.8.	Resolution						
4.9.	FMI						
4.10.	Financial Integrity (Internal AML/CFT Control)						
4.11.	Consumer Protection		***	***	***		
V. Official Relations	5.1.	Government	5.1.1.	Institutional			
			5.1.2.	Financial			
			5.1.3.	Instruments			
			5.1.4.	Outcome			
	5.2.	Domestic Agencies	5.2.1.	Institutional			
			5.2.2.	Instruments			
			5.2.3.	Macroprudential			
			5.2.4.	Financial Stability			
	5.3.	Foreign Agencies		5.3			
5.4.	Other Relations		5.4.1.				
	Denotes "Not Applicable"		Denotes "Not Implemented"	*** Denotes "No review Assessment" is provided for the principle in the CBT Code. Descriptions included in the DRR.			

A. Key Recommendations¹

1. **Legal framework:** (i) Distinctively describe the BAM's functions in addition to its objectives, as its objectives and functions are intertwined under the concept of missions in the law, also by elaborating on the connection of the BAM's functions to each of its objectives; and (ii) further elaborate on certain aspects of the BAM's governance on the website *inter alia* its legal nature, judicial review of its decisions, and legal protection of its officials.
2. **Risk management:** Enhance disclosures possibly by expanding coverage of the website to include: (i) a risk statement and information on developments of key risks; (ii) a high-level overview of key risks clearly mapped to the BAM's mandate and measures to mitigate these risks; and (iii) information about the Risk and Compliance Committee and the Internal Coordination and Management Committee including their composition, powers, roles, and responsibilities vis-à-vis risk management and the interaction between the main oversight body (Audit Committee) and the operational committees.
3. **Accountability mechanisms:** Enhance disclosures possibly by expanding coverage of the website to include: (i) disclosures on the BAM's commitment to ensuring that the external audit is independent and is conducted in accordance with Moroccan/international standards; and (ii) a description of the BAM's publication practices for the annual audited financial statements.
4. **System of institutional communications:** (i) Publish a transparent policy on communication anchored in existing legislation and the BAM's transparency values; (ii) Include assurance of timely information to media/journalist within the communications policy; and (iii) develop a specific strategy for communications in accordance with the BAM's general strategy and objectives.
5. **Financial integrity:** (i) Disclose more detailed information on its internal AML/CFT control activities on behalf of the unit in charge of this function, including statistical information on their completion rates; (ii) disclose outcomes of internal AML/CFT controls annually, including their oversight and effectiveness; and (iii) publish information related to independent auditing of AML/CFT internal control policies and activities.
6. **Confidentiality framework:** strengthen its dissemination and disclosure in the following dimensions: (i) Accessibility to the public; (ii) articulate its institutional implementation in accordance with relevant Moroccan legislation (Law 31-13 on the Right to Access Information) and constitutional principles and explain it to the public.
7. **Monetary and foreign exchange policy and operations:** (i) Consider publishing the minutes of the BAM's Board meetings or, as a first step disclose the main discussions and debates that support monetary policy decisions as reflected in the Board meeting minutes;

¹ Refer to the Detailed Review in this for the complete overview of transparency recommendations, per principle.

(ii) add to the website a section dedicated to the actual design and implementation of foreign exchange policy; and (iii) disclose key elements of the annual letter sent by the BAM to the Minister of Economy and Finance related to the BAM's advisory role with regard to Morocco's foreign exchange regime.

8. Financial stability and stress testing: (i) Define and disclose the key operational modalities that would be implemented in the event of an activation of the ELA framework; (ii) disclose further details about the methods of analysis and underlying data used for financial stability assessments; and (iii) publish further details about stress testing methods and results, and the use of stress testing results in formulating policy.

9. Macprudential policy: (i) Publish within a reasonable time period minutes of the policy deliberations of the CCSRS, perhaps redacted to avoid any market-sensitive issues, or as a first step, disclose the main discussions and debates in the committee; (ii) publish ex-post evaluations of policy actions that examine whether tools had the intended effects; and (iii) institute a customary process of public consultation (with published proceedings) prior to implementing new macroprudential tools or making major changes to the design of existing tools.

10. FX Reserves Management: (i) Enhance disclosures on the framework, policy objectives, investment and risk constraints, or benchmarks along with the framework for oversight responsibility possibly in a specific section on FX Reserves Management on the BAM's website; and (ii) disclose the applied methods for reaching investment and risk decisions along with supporting analysis.

11. Official relations: Enhance the accessibility or the scope of current disclosures on the website in the following areas: (i) explain the BAM's official relations with the MoF and other government bodies in an easy and understandable manner; if possible disclose terms and conditions of agreements; (ii) disclose and explain further to the public the BAM's advisory role on matters related to foreign exchange policy; and (iii) disclose international cooperation efforts with detailed information easily accessible by the public possibly in a dedicated section on the website.

SCOPE AND OBJECTIVE

12. At its request, the mission conducted a Central Bank Transparency Code (CBT) review for Bank-Al Maghrib (BAM). This review will be the fifth conducted under the CBT pilot program. The scope of the review covers all CBT principles for areas in which the BAM has been given a mandate. In that regard, Cross-Border Financial Flows and Foreign Exchange Administration were removed from the scope of the review since the *Office des Changes*, a public entity under the Ministry of Economy and Finance, is responsible for the definition, implementation, and enforcement of foreign exchange regulations, as well as the licensing and supervision of money changers. The BAM's statutory responsibilities regarding the implementation of the exchange rate policy defined by the Government, as well as its related advisory role, are covered in the Monetary Policy, Foreign Exchange Management sections of the CBT (Pillars II, III, and IV), and in the relevant Transparency in Official Relations sections of the CBT (Pillar V). The scope of the review also excludes those related to functions that fall outside of the

scope of CBT reviews given the existence of established international standards (i.e., prudential supervision of banking, resolution, and Financial Market Infrastructures).² The 2016 Technical Note on Banking Supervision and 2016 Technical Note on Crisis Management, Bank Resolution and Financial Sector Safety Net were not referenced in Appendix I as they were deemed outdated.

13. The BAM intends to use the results of the CBT review in its ongoing efforts to set high standards for its transparency and communications. The review does not assess or pass judgement on the quality or adequacy of the BAM's governance and actions. Instead, it focuses on the BAM's transparency practices regarding its governance and actions. The review maps the BAM's transparency choices compared to a range of best practices as detailed in the CBT, covering transparency in: (i) governance; (ii) policies; (iii) operations; (iv) outcomes; and (v) official relations. While the CBT's range of practices are not intended to be a tool for transparency ranking of central banks, the review should help strengthen the BAM's dialogue with stakeholders on transparency choices and contribute to improved accountability and policy effectiveness.

APPROACH AND METHODOLOGY

14. The mission's review approach consisted of a desk review by the MCM mission team, a comprehensive self-review completed by the BAM and facilitated by a presentation by IMF staff of the CBT Code, and in-depth discussions with the BAM's staff and key stakeholders. The desk review is based on information disclosed by the BAM on its website and other media, in French, English, or Arabic.³ Both reviews formed the basis for discussions with the BAM (members of the Board, management, and staff), as well as meetings with key BAM's stakeholders to collect their views on the BAM's transparency practices. The meetings with stakeholders were planned in coordination with the BAM, though the BAM's staff were not present during those meetings.

15. The review was conducted principle-by-principle taking into consideration the relevant dimensions of transparency. In addition to reviewing the BAM's transparency practices according to the CBT principles, important dimensions of transparency, including: (i) timeliness; (ii) periodicity; and (iii) quality of disclosure were also considered. The latter was considered in terms of accessibility and ease of understanding, especially by the general public. The review also took into account views expressed by stakeholders.

² According to the CBT Board Paper paragraph 13 *"The CBT will not assess central bank functions like micro-prudential supervision (banking or insurance), securities regulation, or financial market infrastructures responsibilities. These areas already have established international standards. The Annex I presents selected excerpts from these standards that relate to transparency, for informational purposes only. The Annex is not to be used for assessing central banks' transparency practices and does not describe practices on the transparency of banking, insurance, and securities sectors' supervisors, resolution authorities, and financial market infrastructures. The transparency issues in the Annex will not be assessed in the context of the CBT, but rather by respective assessors in banking, insurance, securities, resolution, and financial market infrastructures."*

³ It should be noted that the mission did not make a distinction between disclosure of information in French, English or Arabic for the purposes of reviewing the CBC's transparency practices. The mission was able to review published documents/information mostly in French and Arabic as some mission members were native speakers. Whenever needed, a translation of the supporting documents into English was provided by IMF services. The self-review was completed by the authorities in English.

BACKGROUND

16. Thanks to a very successful vaccination campaign, and prompt response of the authorities (Box 1), the health crisis has been under control and the Moroccan economy is rebounding. GDP is forecasted to grow by 6.3 percent in 2021, and the economic recovery is expected to continue over the next few years. During the crisis, the BAM lowered its policy rate by 75 bps to 1.5 percent in 2020 and maintained it unchanged throughout 2021. A wide scale liquidity provision supported the banking sector in a context of contained inflationary pressures and well anchored medium term inflation expectations. After last year's sharp contraction, the current account deficit is projected to return closer to pre-pandemic levels. For the medium-term, Morocco emerges from the pandemic with a stronger international reserve position.

Box 1. Bank-Al Maghrib and Transparency Over COVID-19 Measures

The BAM's measures to mitigate the impact of the COVID-19 pandemic were taken in the context of the Economic Monitoring Committee (EMC) set up set up at the level of the Ministry of Economy, Finance and Administration Reform. Regarding the BAM's statutory missions and mandates, a broad range of conventional and unconventional measures were taken as follows:

Monetary policy

- The BAM lowered twice the key rate by a total of 75 basis points, bringing it to 1.50 percent.
- The BAM freed up the required reserve account in full and extended the list of assets eligible for its refinancing operations, tripling their potential to 450 billion dirhams.
- The BAM set up specific refinancing lines for micro-credit associations and participatory banks, and expanded the specific refinancing mechanism for the benefit of SMEs, by including, in addition to investment loans, operating loans, and increasing the frequency of injections.

Microprudential policy and consumer protection

- The BAM decided a temporary easing of prudential rules on capital and loan provisioning in order to strengthen banks' ability to support businesses and household.
- The BAM sought to enhance customer protection by calling on banks to be more transparent in the application of the CVE measures relating to credit and the reasons for rejecting credit applications, by supporting the missions of the banking mediation office.

Macroprudential policy

- From the beginning of the crisis, the BAM as chair of the Systemic Risk Coordination and Supervision Committee (SRCSC) set up a sub-committee composed of regulatory authorities and the MoF to monitor the potential risks of the crisis on financial stability.
- The BAM conducted two macro stress tests to assess the impact of the crisis on banks' solvency.
- The Capital Conservation buffer was lowered from 2.5 percent to 2 percent and banks were allowed to maintain liquidity buffers below the minimum liquidity coverage ratio of 100 percent. The former measure was still in force in April 2022, and the latter measure was withdrawn at the end of June 2020.

Actions in relations to other missions and functions

- Faced with an exceptional increase in cash withdrawals, the BAM set up an appropriate supply plan. As such, it coordinated and supervised this operation in collaboration with the banking system, the payment institutions and the microcredit associations.
- The BAM adapted the work organization to address the constraints related to health measures in order to ensure the continued production of new banknotes and coins as well as identity and security documents.
- As a preventive measure, the BAM, in consultation with the MoF, drew upon the IMF's precautionary and liquidity line (PLL) on April 7, thereby providing an additional 3 billion U.S. dollars in foreign exchange reserves in the midst of the economic crisis.

Box 1. Bank-Al Maghrib and Transparency Over COVID-19 Measures (concluded)

- The BAM continued implementing its projects, particularly those contained in its strategic plan. On the FX market, the monetary authorities decided, on March 9, 2020, to move to the second phase of the transition to a more flexible exchange rate regime. This was achieved by further widening the fluctuation band from ± 2.5 percent to ± 5 percent.
- The BAM continued to work with the Ministry of economy and Finance to implement the National Financial Inclusion Strategy launched in 2019. Several measures were adopted, including the adoption of the crowdfunding law and the law of the sector of microfinance and the preparation of the circular on micro assurance.
- Regarding mobile payment, efforts were pursued through the licensing of 16 payment institutions, the operationalization of 19 “m-wallet” offers in the market and the establishment of interoperability through the Switch Mobile.
- The BAM did not interrupt any of its institutional and analytical publications and issued them within the planned deadlines. Besides, it continued to ensure its internal and external communication actions, while adhering to the dynamics of digital transformation.

Source: The BAM's 2020 Annual Report.

17. The adoption in June 2019 of a new Law marked a turning point in the BAM's modernization efforts. It led to a strengthening of the BAM's autonomy in the definition and conduct of monetary policy. It also clarified and broadened the BAM's responsibilities by making price stability its core objective, giving the BAM the responsibility to implement the exchange rate policy defined by the Government in addition to formally allowing it to give its views on related government's projects, as well as giving the BAM the mission to contribute to financial stability. The new Law has also improved internal governance arrangements through the institutionalizing of advisory committees (these committees were already implemented and, as per the new law, they have now a legal basis).

18. A number of steps have been taken by the BAM to support the move to an inflation- targeting (IT) framework. In 2015, the Ministry of Economy and Finance (MoF) and the BAM publicly announced their intention to transition toward a more flexible exchange rate arrangement, with a view to move to an IT monetary regime. At this juncture of the transition process, the MoF widened the fluctuation band of the dirham from ± 0.3 percent to ± 2.5 percent around the central rate set by the BAM on the basis of a basket of currencies composed of the euro and the US dollar (60 and 40 percent respectively). Capital controls, which are administered by the *Office des Changes* have been considerably relaxed in order to support the development of the spot and hedging domestic FX market.

19. Significant progress was made to develop the fundamental elements of IT, including related forecasting capacity, communications, and a supportive monetary policy operational framework. The BAM has revamped its macro-forecasting framework, and monetary policy decisions are established through a formal process, with the aim of developing a capacity to assess the risks weighting on price stability. Regarding monetary policy implementation, the BAM operates a modern, comprehensive, and well-defined mid-corridor interest rate system which includes a broad range of open market operations, standing deposit and lending facilities, and reserve requirements. In response to the COVID-19 crisis, the BAM discontinued the use of reserve requirements by bringing down the ratio to zero.

20. The BAM plays a leading role in the area of financial stability, in accordance with the provisions of its Law. Jointly with the other financial regulatory bodies, the BAM publishes an annual report on the stability of the Moroccan financial system. The BAM's Law also sets the legal framework for the provision of Emergency Liquidity Assistance (ELA). The BAM's Law also establishes a Systemic Risks Coordination and Monitoring Committee (CCSRS) chaired by the Governor of the BAM and composed of representatives of the other financial sector supervisory agencies and the MoF. The CCSRS is tasked to coordinate its members' actions in the supervision of institutions under their control. Finally, a Crisis Committee (CC) was established by a convention concluded in 2012 between the financial authorities and the MoF. Chaired by the Minister of Economy and Finance, the committee members include the Governor of the BAM and the heads of the other financial sector supervisory agencies. Its mission is to coordinate actions of its member authorities in the management of financial crises which may warrant financial intervention of the state.

21. The last FSAP update conducted in 2015 revealed that the institutional framework for macroprudential policies was sound, but that elements could be strengthened. It recommended a clearer definition of the powers entrusted to CCSRS for fulfilling its macroprudential mandate as well as the Committee's decision-making process. It recommended furthermore to prioritize the implementation of a countercyclical buffer, to expand data coverage for the risk map, and to expand instruments targeted at risks in specific sectors. As noted in the 2020 Article IV report, a countercyclical buffer has been implemented, the risk map reviewed and updated, and data coverage has been improved. However, progress in clarifying the powers and decision-making process of the CCSRS remains pending. In response to the pandemic, the BAM took a number of macroprudential measures to support banks (Box 1). To assess the impact of the COVID-19 pandemic on banks' financial strength, the BAM undertook two rounds of macro stress tests in 2020, with IMF technical assistance. The results showed the overall resilience of the banks to the shocks scenarios.

22. As stipulated by Law No. 43-5, Morocco has three AML/CFT supervisory authorities. Morocco's National Financial Intelligence Authority (ANRF) constitutes the focal point of the AML/CFT regime. It acts as the main authority in charge of coordinating AML/CFT policies and the BAM constitutes one of its thirteen Board members. Following a risk-based approach in off-site and on-site inspections, the BAM is the designated AML/CFT supervisor for banks, off-shore banks, finance companies, micro-credit associations, payment institutions, the Deposit and Management Fund, and the National Society of Company Guarantees and Financing. The Governor of the BAM also chairs the SCCSR, which supports coordination of macro-preventive supervision of the financial sector to preserve the stability of the financial system.

23. Efforts to enhance transparency are anchored in legislation and has been evolving into sustained strategies and policies to fulfill the BAM's institutional objectives. Through time, the right to information held by the public administration established in the Constitution has been implemented by legislation regarding access to information. This normative framework has inspired the BAM for the implementation of measures to enhance the disclosure of its institutional objectives and functions, and it has set up designated communications department and officers. The BAM's transparency policy and practices regarding monetary policy are anchored in Article 6 of the BAM Law. The Law sets reporting mechanisms to parliament and periodically discloses monetary policies and financial stability reports. In its strategic plan

Z2019-2023, the BAM establishes as an objective the pursuit of a transparent and more responsive communication policy, and it includes a wide-ranging agenda to strengthen further transparency and communications.

24. The BAM's main official stakeholders and their interactions are determined by legislation or formal decrees. The BAM Law determines in detail functions and responsibilities with the Government, not only as banker and financial agent but as financial advisor to the Government and its representative in International Financial and Monetary Institutions. As already discussed, the BAM's interaction with official stakeholders for financial stability issues are covered by the SCCRS and CC.

25. Regarding consumer protection, Law no 31-08 confers to the BAM the power to protect customers of credit institutions. This covers proactive disclosure of regulatory standards regarding financial consumer protection established by the BAM to financial institutions. The BAM has set up a mechanism for transferring financial consumer protection complaints to the Moroccan Mediation Center (CMMB).

26. By law, the BAM has been given a financial inclusion mandate (Box 2). It has already finalized the development of the National Financial Inclusion Strategy. In the coming years, it plans to focus, together with stakeholders, on its implementation to achieve its objectives, particularly the reduction of disparities for the benefit of young people, women and rural populations.

Box 2. Mission of Bank-Al Maghrib with Regard to Financial Inclusion

Legal Framework and Institutional Arrangement for Financial Consumer Protection

The BAM has a clear and disclosed legal framework under Law n°103-12 relating to credit institutions and similar entities and Law n°31-08 enacting consumer protection measures. The consumer protection function is an integral part of the [Strategic Plan 2019-2023](#); and an important component of the National Financial Inclusion Strategy. The BAM has set up a mechanism for transferring complaints to the Moroccan Mediation Center to strengthen such grievance mechanism and legally comply with a hierarchical system to address consumer protection claims. Financial Education actions on consumer protection are done through the Moroccan Foundation for Financial Education (FMEF).

Scope of Competence of Bank Al Maghrib on Consumer Protection

The scope of competence of the BAM includes all financial institutions supervised by the BAM under Law No. 31-08 and Law 103-12. The list of institutions is clearly disclosed on the BAM's website.

Disclosure and Transparency of Fair Treatment and Business Conduct Measures

Regulatory standards regarding fair treatment and business conduct are disclosed and disseminated to the public. A monitoring system is put in place to supervise the implementation by credit institutions and if sufficient disclosure is done of such measures.

Box 2. Mission of Bank-Al Maghrib with Regard to Financial Inclusion (concluded)***Dispute Resolution Mechanism on Consumer Protection***

The financial institution is always the first one to receive a claim; if there is no solution or satisfaction an alternative dispute resolution mechanism has been developed for the financial consumer with the creation of a mediation center, organized by the BAM and banking associations. Decisions of the mediation service are binding on banks. The mediation center is free of charge for the financial consumer. If the claim is not solved under the two mentioned mechanisms financial consumer could present its claim to the BAM directly as a last resource to solve the controversy.

Financial Education Implementation by the Moroccan Foundation for Financial Education

The financial education strategy that includes consumer protection is among its priorities. This strategy is carried out designing education programs, coordinating with stakeholders, implementing specific programs tailored to vulnerable sectors of society, and disseminating educational material on consumer protection.

On Site Supervision

To ensure that credit institutions comply with the provisions of the law and regulations in force on customer protection, the BAM has conducted, since 2016, thematic on-site inspections on market practices and ensures a close monitoring of these practices. Those actions are disclosed in the Banking Supervision Report and disseminated to the media.

The Consumer Protection System is Accountable to the Public

There is double reporting regarding the dispute resolutions mechanism; the BAM reports through the Banking Supervision Report and the Mediation Centre emits its own report regarding its activity solving consumer claims. Statistical Information is disclosed to the public on the efficiency of the system.

Sources: Law n°103-12, Law n°31-08, FMEF and BAM's websites.

MAIN FINDINGS

A. Pillar I. Transparency in Governance

27. The legal framework governing the BAM, including its legal structure, nature, and mandate and autonomy are well disclosed. The BAM publishes on its website the up-to-date Law No. 40-17 bearing Statutes of Bank Al-Maghrib along with the historical context and the evolution of the legal system governing its primary, core and other objectives. Nevertheless, the BAM's transparency practices may be further enhanced if the latter's functions, in addition to its objectives, are distinctively described and explained to the public, as its objectives and functions are intertwined under the concept of missions in the law. Moreover, certain aspects of its governance *inter alia*; its legal nature, judicial review of its decisions, legal protection of its officials may be further elaborated on the website, as this additional information may further enhance the public's understanding of the BAM's unique role in Morocco. Those would include:

(i) draft regulations and circulars; (ii) explanations of aspects of the BAM's legal nature and the limits of judicial review of the BAM's decisions; (iii) description of the BAM's powers stipulated under the BAM law; (iv) major findings/executive summaries of audits conducted by the Court of Auditors; (v) amounts of remuneration/indemnity received by all Council members or the mechanism for deciding upon such amounts; and (vi) additional information on the tenure period of the six Council members appointed by the Head of Government. Transparency around financial autonomy can also be enhanced with the disclosure on how the BAM is remunerated by the State for the banking and financial services it provides to the latter. Furthermore, an explanation or definition (in the BAM Law or the annual financial statements) of "insufficiency of capital" for recapitalization purposes under Article 2, would be informative to stakeholders.

28. The BAM's risk management function, which was established in 2005, is well developed and aligned with leading practices; publishing additional information on the risk management framework and practices would enhance transparency further. While the Annual Report contains an overview of the functions of the main governance bodies (Risk and Compliance Committee and the Internal Coordination and Management Committee), additional information on their composition, powers, roles, and responsibilities vis-à-vis risk management is absent. In addition, disclosures on the interaction between the main oversight body (Audit Committee) and the abovementioned operational committees would provide useful insights on the governance structure. Separately, a detailed description of the BAM's risk management framework which would include the actions taken to identify, evaluate, and mitigate risks (including risk management strategies) would further enhance transparency. This could be linked to the Global Risk Management Policy which is already published on the BAM's website. Lastly, in light of the pandemic, public disclosures on the BAM's crisis management system with regard to business continuity would also be useful.

29. Aligning the de jure framework for the BAM's external audits to its current de facto framework would enhance transparency. Article 43 of the BAM Law provides for an external audit of the bank's annual financial statements. *De facto*, the BAM is audited annually by an *independent* external audit firm that applies *auditing standards* of the profession applicable in Morocco, as adopted by the Order of Chartered Accountants (aligned with International Standards on Auditing (ISA)). However, the requirements for *independence* of the firm and the application of local or international *auditing standards* are not contained in the BAM Law. Further, while an internal Instruction (No. 3/G/2015) issued by the Governor on external audit contains these requirements, this information is not made publicly known. Publishing information on the BAM's current practices on external audit would underscore the bank's commitment to strong accountability practices.

30. The current practice of timely publication of the BAM's annual financial statements and the related external audit report would benefit from disclosure of a commitment to such practice in the absence of an underlying legal requirement. The external audit is usually completed within three months after the financial year end and a full set of accounts (balance sheet, the profit and loss statement, cash flow statement, statement of change in shareholders' equity, and notes) is published on the website in advance of publication in the Official Gazette and Annual Report. Notwithstanding this robust transparency practice, the underlying legal requirements for publication and a corresponding deadline are absent in the BAM Law. Article 50 refers to the submission of the Annual Report to His Majesty the King before June 30 of year

following the financial year. However, the law does not explicitly require that the audited financial statements be included in the report to the King.⁴ Further, the deadline for publication of the Annual Report in the Official Gazette is stated as occurring after “it is submitted to His Majesty the King.” Transparency would be enhanced if the BAM publishes its commitment to continue the above described transparency practice on its website.

31. The BAM discloses information about the internal audit function on its website and in the Annual Report. While the BAM Law does not contain specific provisions for the establishment of the function, the BAM has *de facto* established the Internal Audit Department which is an integral part of its governance structure. The bank’s website includes a high-level description of the function and a link to the Internal Audit Charter (French) which outlines the duties and responsibilities of internal audit and provides for reporting lines to the Board (through the Audit Committee) and to the Governor. The 2019 and 2020 Annual Reports provide additional information on the internal audit program for the year under review and lists the major processes audited that year. The 2019 Annual report also provides information on the Quality Assurance and Improvement Program (QAIP), the frequency of external assessments, and the result of the most recent assessment. To enhance transparency, the BAM could highlight details about the Quality Assurance and Improvement Program on the bank’s website.

32. Information on anti-corruption measures and the codes of ethics and conduct are available on the BAM’s website. The BAM Law requires that the Board review and approve the codes of conduct (one applicable to Board members and another for staff). Both codes are published on the BAM’s website in French. The Board’s code includes provisions on avoiding conflicts of interest (Article 3) and on the use of confidential information (Article 4). Article 16 of the BAM’s staff code contains specific examples of acts of corruption and prohibits staff from abusing their positions of employment for personal gain or to favor third parties. It also contains rules of good conduct regarding gifts and invitations (Articles 17, 18, and 19) and the use of sensitive information. Moreover, Article 23 refers to a whistleblowing mechanism opened to Bank’s staff and external parties. Whistleblowing modalities (including the form that the whistleblower could use) are published in the Bank’s website. The BAM’s commitment to conduct its business with integrity and to the highest ethical standards is clearly stated in the Anti-Bribery Policy which is also published.

33. The BAM’s Human Capital Management (HCM) practices are generally well disclosed on the bank’s website. The bank’s current development initiatives for staff have been included in the 2019-2023 Strategic Plan and includes an increase in the specialization of activities which would result in new professions and a need for new expertise at the BAM. The 2020 Annual Report contains a diagram that reflects the number of staff, gender split (diversity consideration), area of activity (core vs. support), average tenure, and average age. It also briefly describes succession management, training initiatives, and the steps taken by the BAM to protect staff in light of the pandemic and during the year. For policies on attracting, promoting, and retaining staff, the BAM has published the (CSR) policy on the bank’s website which is signed off by the Governor and includes commitments relating to ethical and transparent governance, developing human capital while ensuring diversity (gender) and equal opportunities for all, and

⁴ Article 50 of the BAM Law states that the Annual Report contain information on the “bank’s activities,” without explicit reference to the audited annual financial statements.

guaranteeing a healthy and safe working environment to protect the well-being of employees. For recruitment, the BAM has created a “careers” portal (French) which contains information on vacancies and has links to videos where staff share their experiences of working at the BAM. Further, the special design of the “careers” portal allows for the public in general and for potential candidates in particular, to summarize the main components of the Bank’s HR offer. To further enhance transparency, the BAM should disclose: (i) an explicit statement that the BAM recruits and promotes staff on non-political grounds; (ii) references to laws that prohibit patronage and discrimination; and (iii) further information on human capital retention.

34. The institutional communications arrangement would need to be anchored in a general communications policy. The institutional communications department must disclose its functions and procedures to the public including, for example, guidelines or procedures determining the criteria and possibility for the central bank management to interact with media or the public. Institutional communication procedures should include the decision-making process for disclosure (approval/validation) of information and time frame to respond to public requests for information. This general policy and its procedures must determine the process for interaction with the media in a timely manner, assuring the quality of information disclosed and its accessibility. This general communication policy should be the regulatory framework to develop a specific communication strategy harmonized with the general Strategic Plan of the BAM.

35. The BAM implements a comprehensive set of tools for communication and its website has been highly praised by stakeholders. The BAM has also developed creative methods and platforms for educational purposes; some improvements could help to facilitate the understanding of the information by the public at large. The Communications Department has a defined calendar for publications and reporting obligations. Tools for communications include publications, reporting mechanisms, a central bank website, use of social media, educational videos, television, press releases, and televised press conferences. Accessibility of information has been enhanced by publishing information in French, Arabic and English. Consideration could be given to ease the understanding of technical material, perhaps by providing simplified versions of communication disclosed on its website and other channels. A specific communications strategy should be developed in accordance with the BAM’s general strategic plan for 2019-2023. A specific strategy will allow an in-depth approach to communication needs and priorities, specific timeframe to achieve goals, and implementation of actions and measures in accordance with targeted stakeholders/ audiences. Institutional functions of the Communications Department should also be disclosed to the public.

36. The disclosure of the confidentiality system, anchored in legislation, will enhance transparency, and increase legal certainty regarding requests for information. The Law on the Right to Access to Information and the BAM’s Statute provides a framework for confidentiality that should be explained to the public and published on the official website. It should specify the BAM’s functions that are considered confidential, and the different degrees of confidentiality used to classify information following public institutional practice and regulations. Such a legal framework should establish the circumstances under which the BAM must disclose specific information. We encourage the proactive dissemination (including publication on the website) of the confidentiality legal framework as well as its means and methods of

implementation. The Mission supports the ongoing efforts to develop further and modernize the confidentiality system as a necessary measure to strengthen the transparency policy of the BAM.

B. Pillars II, III, and IV. Transparency in Policies, Operations, and Outcome

Monetary Policy

37. The BAM discloses the objectives and the policy framework supporting monetary policy, as well as progress in setting the conditions for a move to an inflation targeting (IT) regime, supported by the migration to a flexible exchange rate regime that was announced by the monetary authorities (i.e., MoF, and the BAM) in January 2018. Market participants and other stakeholders can access this documentation through dedicated sections of the BAM website, relevant publications and communication events. Especially relevant is the explanation about how monetary policy is designed and implemented in view of the price stability mandate stipulated in the BAM's Law. The BAM is also providing timely updates on progress achieved in establishing the building blocks to allow the flexibilization of the exchange rate with a focus on the domestic FX market. The BAM discloses the results of its monetary policy decisions regarding the level of its policy rate and the other monetary instruments by issuing a Press Release and a Monetary Policy Report (MPR) on the day of the BAM's Board meeting convened to decide on monetary policy actions. On that day, the BAM's Governor also gives a press conference that is accessible through the BAM's social media platforms. The BAM also discloses a comprehensive set of economic data on a timely basis. All of this result in a high level of transparency with regard to monetary policy and the main risks confronting the economy for the achievement of the BAM's price stability mandate.

38. The BAM discloses its monetary operational framework, including well-defined operational targets, objectives, and tools. The framework is explained in several descriptive sections of the website, with detailed elaborations included in the BAM's regulations governing the use of the monetary policy instruments (i.e., discretionary open market operations, standing facilities, policy rate, and reserve requirements), all of them available on the website and updated in a timely fashion. A detailed discussion of the use of the various instruments is included in the periodic publications of the BAM (i.e., quarterly MPR Report and Annual Report). Historical (daily) data is made available on the website, covering the autonomous factors of bank liquidity, flows and stock of the various monetary instruments, and the level of fulfilment of reserve requirements. The categories of monetary policy counterparties and respective access criteria are also clearly defined and disclosed.

39. The BAM discharges its accountability responsibilities through hearings of the Governor by the parliamentary committee in charge of finance. The presentations of the Governor are published on the BAM's website. The BAM also recognizes a broader accountability responsibility to the public which is reflected in the above-mentioned comprehensive set of disclosures, and a presence in several social media platforms. The Educational Space section of the website is utilized to discharge the voluntary broader accountability goal of the BAM vis-à-vis the general public.

Foreign Exchange and Reserves Management

40. The intricate institutional framework for exchange rate policy and its implementation, at a time of an ongoing reform of the exchange rate regime, presents challenges for transparency and communication. The framework results in the involvement of multiple public agencies (Ministry of Economy and Finance-MoF, Office des Changes, and Bank-Al Maghrib). While the BAM's publications and communications have been sound (see paragraph below), feedback received from several stakeholders suggests that the public may not fully appreciate the respective role of the involved public agencies, in particular regarding the scope of the BAM's advisory role versus its statutory responsibilities. Additional disclosures to enhance the understanding of the current ones would help stakeholders disentangle those actions. The mission recommends the addition to the website of a section dedicated to the actual design and implementation of foreign exchange policy to supplement the information already provided on the reform of the exchange rate regime.

41. Morocco's fixed exchange rate regime defined by the government is clearly disclosed by the BAM, including the basket of currencies that is used and the associated fluctuation band. Progress in the reform of the domestic FX market (a responsibility of the BAM) in view of the gradual transition to a more flexible exchange rate regime are timely and clearly explained through various tools (sections of the BAM's website, the BAM's periodic publications). The Ministry of Economy and Finance has delegated to the BAM the regulation and monitoring of the domestic FX market, including the ability to conduct FXI as needed in view of the exchange rate regime in place. The related regulations are timely disclosed on the BAM's website. The operational framework for FXI is disclosed in the BAM's published regulations. Given the pegged regime, the disclosed aim of FXI aim is to maintain the exchange rate within the fluctuation bands while respecting the limits of the intervention budget. FXI, which are not very frequent, are carried out mainly via public auctions; in the most recent period they have been preceded by a Press Release to explain the motivation for the policy actions. The results of the auctions are disclosed in a timely manner on the website, as well as episodic over the counter FXI. Eligible counterparties have to comply with a disclosed code of conduct. Additional information on the role of the Monetary and Financial Committee (MFC) in the monitoring of the domestic FX market and approving the FXI budget would enhance accessibility of current disclosures, as would disclosures explaining the purpose of each FX instrument (i.e., OTC, auction, etc.) and information on the BAM's FX interventions on behalf of the Government, once the confidentiality nature of this information has been lifted. Transparency with regard to the BAM's role as advisor of the government in matters of FX policy would benefit from clarifying that the annual letter sent by the BAM to the Minister of Economy and Finance covers also issues related to the FX market and regime, as well as disclosing key elements of the letter in that domain.

42. Transparency practices with regard to the actions contemplated and taken in view of establishing the building blocks for a flexible exchange rate regime are high. They provide participants in the domestic FX market information so as to be prepared for the policy move once the conditions are met for a smooth transition. Of particular relevance are the BAM's efforts to explain to the public at large the expected benefits of a transition to a flexible exchange rate regime, most notably through the education material available in the Education Space section of the website.

43. The BAM's transparency practices in the area of FX reserve management are broadly satisfactory but could benefit from further improvements. The BAM discloses its broad objectives, governance with oversight responsibility along with broad risk exposures in the annual report. Transparency can be improved by further explaining the framework, policy objectives, investment and risk constraints, or benchmarks along with the framework for oversight responsibility. To that end, consideration could be made for the creation of a specific section on FX Reserves Management on the BAM's website. The BAM could also consider publishing the applied methods for reaching its investment and risk decisions such as: (i) The process to determine size of portfolio tranches aimed at meeting the key objectives of holding the foreign exchange reserves with their constraints; and (ii) the process and methods for assessing the risk-return performance that is consistent with the strategic positioning of each portfolio. Transparency could be further substantiated by disclosing the rationale and economic analysis backing methods of reaching its investment and risk decisions and by including an assessment of the adequacy of the reserves, liquidity and risk exposure comparatively to the policy objectives. The BAM could consider disclosing the set of analytical frameworks used when computing reserve adequacy levels. In addition, financial disclosures could be enhanced by providing advanced risk exposures metrics.

Financial Stability and Macprudential Policies

44. The framework for macroprudential policy and financial stability monitoring is well-disclosed. The Bank Al-Maghrib has a section of its website specifically devoted to financial stability, which details the conceptual framework for macroprudential policy, including sections on the institutional framework. That framework consists of, inter alia the Financial Stability Committee internal to the Bank and the inter-agency Systemic Risk Coordination and Monitoring Committee (CCSRS), which comprises, next to the Bank Al-Maghrib, the insurance and pensions authority (ACAPS) and the capital markets authority (AMMC). It also has details on the analytical framework (including systemic risk mapping and stress tests). The accountability of the various institutions for macroprudential policies is detailed in the Banking Law.

45. The CCSRS is the main source of public information on surveillance of risks to financial stability. It meets semi-annually and issues press releases at the conclusion of each meeting, as well as an annual Financial Stability Report (FSR). The latter publication is expansive and informative, providing a wealth of information on financial stability developments, stress testing and macroprudential policy. The CCSRS press releases are, however, fairly descriptive and some further disclosure on the analysis underlying its deliberations and conclusions would be useful. This would also serve to partially address the 2015 FSAP recommendation to provide more clarity on the decision-making process of the CCSRS. More details in the FSR on stress testing models, assumptions, and results (and their use in guiding policy) would also further enhance transparency.

46. Macroprudential policy implementation (coordinated and monitored in the CCSRS) is within the mandates of the member institutions, and the Bank Al-Maghrib uses various timely channels of dissemination for policy decisions. These include press releases, as well as circulars and directives, depending in part on the level of authority of the policy decision. In a dedicated section, the FSR discloses details on the design of macroprudential tools and how their implementation is expected to mitigate specific systemic risks. The process of policy enforcement

is disclosed in the Banking Law. There is no formal public process of consultation about macroprudential regulation, although the Bank Al-Maghrib consults supervised entities privately, the results of which are not disclosed. Ex-post evaluations of the effectiveness of policy have not been published.

Emergency Liquidity Assistance

47. The key features of the BAM's emergency liquidity assistance (ELA) framework are provided in the BAM's Statutes. The operational modalities for its implementation are being prepared by the BAM and the Treasury. The legal framework for the BAM's discretionary granting of ELA is in line with the BAM's mission of contributing to financial stability. ELA may be granted to financial institutions experiencing temporary liquidity problems, while not raising concerns in terms of creditworthiness. Where there are doubts about creditworthiness, ELA can only be granted with a guarantee from the Treasury. Transparency would be enhanced by disclosures of the key operational modalities that would be implemented in the event of an activation of the ELA framework, including to disclose ex-post actual ELA operations, while maintaining the necessary confidentiality.

Financial Integrity

48. As the AML/CFT supervisor for credit institutions, the BAM plays a key role in safeguarding financial integrity; however, information particularly on its internal AML/CFT controls could be enhanced. The BAM discloses general information on its AML/CFT supervisory powers, policies, processes, and internal control framework. This information could be supplemented with information on independent audits of the unit in charge of the internal AML/CFT function. Transparency could be greatly enhanced by disclosing more detailed information on its internal AML/CFT controls and their effectiveness, including statistical information on the completion rates of internal AML/CFT control activities and the outcomes of the internal AML/CFT controls. This could be achieved by publishing an annual AML/CFT compliance report.

C. Pillar V. Transparency in Official Relations

49. There is room for improvement in the BAM's disclosure practices of its official relations with the government and bilateral arrangements with domestic public financial agencies. Important information regarding the BAM's interaction with the government and public financial agencies could be disclosed to the public in a more detailed manner, such as disclosures of MoUs and other actions implemented for cooperation and the exchange of information. This will enhance public understanding of the role and actions of the BAM's and possible shared responsibilities in functions done in conjunction with other public financial agencies.

50. The advisory role of the BAM with the Ministry of Finance regarding foreign exchange policy needs to be explained to the public in all its communication actions, so as to enhance accessibility of current disclosures as well as the tools and processes that are utilized for its implementation. Allocation of roles and responsibilities among the BAM, Ministry of Finance and Offices des Changes should be better explained to the public regarding

the determination of foreign exchange policy. All communication processes done by the BAM on foreign exchange policy should clearly convey the distinction between the implementation phase done by the BAM from the policy determination responsibility that belongs to the Ministry of Finance.

51. The BAM should continue its efforts to disclose inter-agency decision making procedures, roles, and responsibilities in a detailed manner to complement current disclosure practices such as reporting obligations and press releases. Articulation and coordination of financial stability and macroprudential policies is done through the Systemic Risk Coordination and Monitoring Committee (CCSRs). Such inter-agency arrangement comprises the insurance and pension authority (ACAPS), the capital markets authority (AMMC), the Ministry of Finance and it is chaired by Bank Al Maghrib. Such multi-agency arrangement is established in the BAM's banking law and decrees published on the BAM's official website. The reporting obligation is shared among the entities and its outcome is the Financial Stability Report published on the BAM's website and jointly disseminated using different communication tools.

52. The BAM should reinforce and expand its public disclosure of international cooperation in a dedicated section of its official website. The BAM has an active role and participation in international financial affairs, international cooperation, sharing of information and international financial transactions. The disclosure of the texts of cooperation agreements is encouraged as is the disclosure of Memorandums of Understanding (MoUs) and arrangements between the BAM and foreign institutions. The disclosure of such information would explain to the public the importance and benefits of these relations. Better accessibility of press releases, perhaps in a permanent and exclusive section of the website, is a good step forward to disseminate the BAM's functions in international affairs.

53. The BAM has developed a system to safeguard the rights of financial consumers along with the Moroccan Mediation Center that collaborates on this endeavour. This creative arrangement would benefit from further dissemination with financial consumers by adding a tab on consumer protection on the central bank's website. The BAM has set up a mechanism for transferring complaints to the CMMB of which the BAM is a founding member. Such arrangement is gradually building up public confidence within the financial system. Further efforts are needed to disseminate the Mediation Center and its shared responsibility with the BAM regarding process and satisfaction of consumer protection claims. Evaluation of this arrangement should be done by the BAM with all stakeholders involved to consolidate the efficiency of the system using the dimensions of transparency, timeliness, accessibility, and ease of understanding for the public at large.

54. The BAM and the Moroccan Foundation for Financial Education have developed and articulated an innovative arrangement to implement and develop a comprehensive agenda on financial education that should be fully disclosed on the BAM website. The BAM's financial education measures are implemented by the Moroccan Foundation for Financial Education; of which the BAM is a founding member and the Wali chairs its Board of Directors. The arrangement should be publicly disclosed, especially the goals of the Central Bank regarding financial education and how they are shared or articulated with FMEF actions facilitate public understanding regarding roles and responsibilities or co-decision-making arrangements.

DETAILED REVIEW

55. This review is based on the current state of the BAM's transparency practices. The mission took place during March 23-April 8, 2022. Initiatives implemented after the review date have not been considered.

56. In accordance with the CBT, this review does not assign ratings to the BAM's adherence to the CBT principles. The review maps the BAM's transparency practices across a range of best practices. Furthermore, the BAM's transparency practices were reviewed in the context of the BAM's legal mandate and policy context, the sophistication and complexity of the financial system of Morocco, and prevailing general legal framework.

57. The review team examined the BAM's transparency practices and tools, relevant laws and policies, and held meetings with some members of the BAM's Board, management and staff, and key stakeholders. The meetings with stakeholders were intended to ascertain the adequacy of and identify gaps in the BAM's transparency practices from their perspective. The team met with members of Parliament, senior officers from the MoF, *Office des Changes*, *Commission de droit d'accès à l'information*, *Fondation Marocaine pour l'Éducation Financière*, *Centre Marocain de médiation bancaire*, *Autorité de Contrôle des Assurances et de la Prévoyance Sociale*, *Autorité Marocaine du Marché des Capitaux*, *Centre Marocain de Conjoncture*, *Commission de droit d'accès à l'information*, as well as representatives from the banking association, and various other stakeholders (such as academics, the media). The BAM provided a comprehensive self-review of the CBT, detailed responses to additional questionnaires, and access to relevant public documents.

58. Reaching conclusions based on the CBT review of the BAM required judgments by the review team. Central banks, the environment in which they operate, and domestic circumstances differ from one country to another. Nevertheless, by adhering to a common, agreed methodology, the review should provide the BAM with an internationally consistent benchmark for its transparency practices.

59. The team appreciated the very high quality of cooperation received from the BAM. The team extends its warm thanks to the staff of the BAM, who provided excellent cooperation, including provision of self-review, documentation, technical support, as well as facilitating the mission meetings schedule.

Table 2. Morocco: CBT Review—Detailed Review Report for Bank Al-Maghrib	
Central Bank Transparency Code—Detailed Review	
Central Bank of Morocco	
Pillar I—Central Bank Governance	
Principle 1.1.	Legal Structure: The central bank discloses its legal framework to the public in a manner that is clear and easily accessible.
Description	<p>The Bank Al-Maghrib (BAM) publishes information on its website regarding its legal framework and legal nature. The BAM’s website also has a specific educational section, where it has published targeted presentations for students and teachers covering important issues <i>inter alia</i> the historical context, evolution, governance, organizational chart, fundamental missions, etc. The BAM’s official website explains the status and missions of the BAM and also provides a historical context of the evolution of the legislation of the BAM also by very helpfully explaining the main improvements in the BAM Law.</p> <p>Legal Framework</p> <p>The BAM’s official website does include the consolidated Law N 40-17 bearing Statutes of Bank of Al-Maghrib (The BAM Law), as well as a dedicated regulatory section covering the related banking and credit legislation.</p> <p>Article 80 of the BAM Law discusses the transitional arrangements, according to which the provisions of all regulatory texts enacted pursuant to the previous law shall remain in force until replaced, as well as that all six members of the BAM’s Council appointed by the Head of Government shall on transitional basis continue to carry out their duties until their replacement.</p> <p>Article 3 of the BAM Law explains the “conflict of laws” issue by stipulating that “Subject to the derogations provided for in this law, the Bank’s acts and operations shall be governed by the provisions of the legislation in force.” This principle regarding the override of the special law (The BAM Law) over the general law under Moroccan law may not be apparent to the public.</p> <p>While according to the BAM the prerogative to initiate legislative amendments lie solely with the Government and not with the BAM, it discusses regulatory texts and draft circulars with the “target public” such as professional associations, the BAM does not publish draft regulatory texts for the general public’s review or comment.</p> <p>The BAM Law and website include information on its governance bodies, including the highest governing body, the Council, as well as the Management Committee, the Monetary and Financial Committee, the Money Market Committee, the Financial Stability Committee, the Systemic Risk Coordination and Oversight Committee, and the Crisis Committee.</p> <p>Legal Nature</p> <p>The BAM Law establishes its legal nature, its ownership, its general legal capacity to act, and its instruments. While the educational presentation mentioned above clearly states that the BAM is the Central Bank of Morocco and that is a legal person endowed with financial autonomy, the detailed aspects of the BAM’s legal nature are not clearly defined on the website.</p> <p>Legal Protection</p> <p>While according to the BAM’s explanations, the BAM’s regulatory decisions may not be challenged in court, it may be unclear how and where this is stated. The official website also</p>

	<p>lacks information regarding this interpretation.</p> <p>Article 12 of the BAM Law clearly states that the foreign exchange reserves may not be subject to protective or enforcement measures of the State nor guarantee obligations contracted by the latter, though this limitation is not explained on the website. In addition, the BAM is not immune from non-foreign exchange reserves pre-judgment attachments, though this is not publicly disclosed on the BAM's website.</p> <p>While the BAM Law is silent on whether its decisions are subject to judicial review, as explained by the BAM, the latter's "decisions of general scope taken within the framework of its regulatory mandate, in particular in the area of monetary policy, cannot be challenged or remedied by the courts because they fall exclusively within its discretionary power." Other decisions of the BAM (administrative, social commercial correctional) are subject to judicial review as explained by the BAM. This distinction is not apparent from the BAM's website.</p> <p>Moreover, as explained by the BAM, according to the Penal Code of the country (Article 224), the BAM's officials are protected from criminal liability for fulfilling their functions, as well as against contempt, violence and assault (Articles 263 to 267) and against defamation and insult (Provisions of section III of chapter IV of the press code as amended and supplemented by law n° 77-00 promulgated by dahir n°1-02-207 of October 3, 2002). In addition, Article 10 of the Bank's Staff Regulations enshrines the Bank's obligation to protect its agents against threats, insults, attacks, insults or defamation to which they may be subjected in the exercise or due to the exercise of their functions. Nevertheless, it is unclear whether the BAM's officials are protected from civil liability for fulfilling their official actions. The legal protection of the BAM's officials is not explained in a clear and easily accessible manner on the BAM's website.</p>
Assessment	<p><i>Expanded</i></p> <p>Legal Framework</p> <p>The legal framework under which the BAM operates is explained both in the published BAM Law, as well as the additional information published by the BAM. The website also contains information regarding the regulatory framework under which entities supervised by the BAM operate.</p> <p>The legal principle under which the BAM Law (special law) shall take precedence over other legislation of the country may not be comprehensible to a member of the general public and may need further clarification.</p> <p>While the BAM is transparent with its main stakeholders (as attested by many of them during interviews) and actively communicates with them in connection to new initiatives, it does not publish information about the legal initiatives it takes, such as draft regulations or circulars.</p> <p>Legal Nature</p> <p>While the educational presentation published by the BAM on its website clearly states that the latter is the Central Bank of Morocco and that is a legal person endowed with financial autonomy, the detailed aspects of the BAM's legal nature are not clearly defined on the website.</p> <p>Legal Protection</p> <p>The nature and extent of judicial review of the BAM's decisions (both regulatory and other) may not be clear for the general public from the BAM's website. In addition, while under Moroccan law the BAM's officials may enjoy certain legal protection for their decisions and actions, the nature and extent of such protection may not be apparent from the BAM's website.</p>
Comments	The BAM's transparency practice may be enhanced if:

	<ul style="list-style-type: none"> • The drafts of regulations and circulars are published; • Aspects of the BAM’s legal nature are explained in addition to what is enshrined by law; • Limits on review of the judiciary on the BAM’s decisions are explained on the website. <p>Since the BAM’s website explains the BAM’s monetary policy’s decision-making process in an easily accessible chart, as well as there is very relevant information with regard to legal, institutional and operational framework of the BAM’s financial stability objective published under the BAM’s targeted educational site, it may be more accessible if the decision-making process of financial stability is also published on the Financial Stability tab of the website.</p> <p>The publication of information regarding the mechanisms of legal protection of the BAM’s officials available under Moroccan law may enhance both their protection, as well as the transparency of the existence of the BAM’s legal protection.</p>
Principle 1.2.	Mandate: The central bank discloses its mandate—including its objectives, functions, and legally defined powers—in a manner that is clear and easily accessible to the public.
Description	<p>Objectives</p> <p>Chapter II of the BAM Law lists the BAM’s core and additional missions. Under Article 6 of the BAM Law the main objective of the BAM is to ensure price stability. The same article clarifies that the BAM shall define the price stability objective and conduct monetary policy. The BAM’s website also explains the instruments it uses to achieve its main objective of price stability, namely the key rate and reserve requirement.</p> <p>In addition to its core objective of price stability, the BAM shall also supervise the banking system and credit institutions (Article 8), ensure the proper functioning, security, and efficiency of the payment system (Article 9), contribute to the stability of the national financial system within the framework of the Systemic Risk Coordination and Monitoring Committee (Article 10), implement the exchange rate policy within the framework of the exchange rate regime laid down by the Government (Article 11), hold and manage Morocco’s foreign exchange reserves (Article 12), as well as issue the legal tender of Morocco. The BAM’s core missions are distinctively described under dedicated tabs on the official website. In addition, the BAM’s website also has a specific educational section (find it here), where it has published more descriptive information regarding its missions for teachers and students. The BAM’s home page also includes a trilingual brochure, which explains the BAM’s core missions in greater detail.</p> <p>Functions</p> <p>Different from other countries’ central bank laws, the BAM Law uses the concept of “mission” to cover both objectives and functions. Admittedly the BAM Law uses the word “objective” once as part of its main mission of ensuring price stability. The word “objectives” is also used on the website, including in the educational site of the BAM’s website.</p> <p>The hierarchy between the BAM’s main objective of price stability and the BAM’s other objectives is clear and explained on the website.</p> <p>The BAM’s functions are intertwined in with its objectives within various articles of the BAM Law, thus the distinction between the objectives and the functions may not be so clear to the general public.</p> <p>Powers</p> <p>The BAM Law is also clear on its public and private powers. Particularly, the law states that the BAM may print for its own account and that of foreign central banks (Article 21), acquire and dispose real estate (Article 22), acquire capital participation in public financial</p>

	institutions (Article 23). Moreover, these powers are limited unless carried out for the performance of its missions or for the benefit of its staff (Article 24). Other than the activities carried out by the BAM's mint Dar As-Sikkah, these powers are not described on the BAM's website.
Assessment	<p><i>Expanded</i></p> <p>Objectives</p> <p>Both the BAM Law and the official website are very clear on the BAM's main objective of ensuring price stability. The law and the website are also clear on the BAM's other core and non-core objectives, defined as missions. The distinct tabs on the BAM's website for each of its core missions are very helpful for understanding the BAM's objectives.</p> <p>Functions</p> <p>Unlike some other central bank laws the BAM's objectives and functions are defined under the word "missions" in chapter II of the BAM Law. For a general member of the public it may be difficult to differentiate a BAM objective from a function stipulated to achieve such an objective. It may be helpful to differentiate the objectives from the BAM's functions on the website for the general public.</p> <p>Powers</p> <p>While the BAM's powers are clear under the BAM Law, except from its powers in relation to the Dar As-Sikkah mint its other public and private powers enshrined under the BAM Law may not be so apparent for the general public.</p>
Comments	<p>The BAM's transparency practice may be enhanced if:</p> <ul style="list-style-type: none"> • The BAM's functions as opposed to its objectives are distinctively stated and explained on the website • The BAM's powers as stipulated under the BAM Law are described on the website
Principle 1.3.	Autonomy: The central bank discloses its autonomy—as defined in relevant legislation or regulations, allowing it to reveal the extent to which it is autonomous or not, in what forms, and under which conditions—in a manner that is clear and easily accessible for the public.
Principle 1.3.1.	Institutional/Operational Autonomy: There is clarity on whether the central bank is prohibited from seeking or taking instructions from any private or public body. The extent to which the central bank's autonomy varies for the various elements of its mandate is clearly disclosed. Where appropriate, a central bank's governing law clarifies whether it has goal or instrument autonomy concerning its various objectives.
Description	<p>Article 1 of the BAM Law clearly states that the BAM is endowed with financial and administrative autonomy. This is further pinpointed on the BAM's website under the Monetary Policy tab, where it explains the four levels on which the BAM exercises its autonomy, namely, the composition of the BAM's Board, the restriction of the Ministry of Finance's representative's voting rights at the Board level, the limitation of financing the Treasury, as well as its financial autonomy. The notion of the BAM's financial autonomy is not further explained on the BAM's website.</p> <p>Moreover, Article 13 stipulates that the BAM and its officials may not seek or accept instructions from the Government or third parties in the conduct of their missions.</p> <p>The BAM Law states when the BAM shall cooperate with third parties, such as implementing exchange rate policy within the framework of the exchange rate regime and of the guidelines laid down by the Government (Article 11), contributing to the development and implementation of the national strategy for financial inclusion (Article 14), contributing to</p>

	<p>the stability of the national financial system with the framework of the Systemic Risk Coordination and Monitoring Committee (Article 10), representing the Government before the international financial and monetary institutions (Article 18), entering banknotes or coins in circulation together with the Government (Article 58).</p> <p>The information on the official website is clear about the BAM's autonomy with regard to some of its objectives, especially its core objective of ensuring price stability. The website explains that the Director of the Treasury and External Finances participates in the Board as a non-voting member.</p> <p>The BAM Law also clarifies that its governing bodies and officials shall not take instructions from third parties when conducting the missions of the bank. Both the law and the BAM's official website provide the representatives of which entities may participate in meetings of the BAM's governing bodies (e.g. Director of the Treasury and External Finances participates in the Board as a non-voting member or representatives of regulators of insurance and capital markets, as well as the Ministry of Economy and Finance participating in the Systemic Risk Coordination and oversight Committee chaired by the BAM's President). This information is also published on the targeted educational site.</p>
Assessment	<p><i>Expanded</i></p> <p>While the BAM's website states that the Financial Stability Committee is internal to the BAM and clearly discloses its mission, it is silent on the detailed mandate, exercise of autonomy, and limits thereof of the latter vis-à-vis other public institutions.</p>
Comments	<p>The BAM may wish to consider publishing information regarding the detailed mandate of the Financial Stability Committee, as well as how it exercises such autonomy vis-à-vis other public institutions.</p>
Principle 1.3.2.	Functional Autonomy: There is clarity on whether the central bank can perform its duties without prior approval from the government.
Description	<p>The BAM Law defines those functions of the latter for the performance of which the BAM does not need the prior approval of the Government, <i>inter alia</i> using appropriate monetary policy instruments and operations (Article 7), supervising banks and other credit institutions (Article 8), overseeing the payment and settlement system (Article 9).</p> <p>The BAM Law also pinpoints those functions where Government input is sought or required, such as implementing the exchange rate policy (Article 11) or negotiating on behalf of the Government external borrowings (Article 16).</p> <p>The role of the Government Commissioner also is enshrined under the BAM Law, and the cases where the latter's input is required are stated, such as increasing the BAM's capital (Article 2), the latter's function of monitoring the regularity of the BAM's financial operations (Article 41) and signing on banknotes issued by the BAM (Article 54).</p> <p>A special section in the BAM Law (Section 3) also states the role of Court of Auditors with respect to the latter's control function towards the BAM (Article 44).</p> <p>The role and functions of both the Government Commissioner and Court of Auditors are also briefly explained on the website.</p>
Assessment	<p><i>Expanded</i></p> <p>While it may be clear both from the law and the website that the Court of Auditors has some control functions vis-à-vis the BAM, it may not be apparent from the available information how this function is exercised in practice by the former.</p>

Comments	In case an audit by the Court of Auditors is performed, the BAM may consider publishing information regarding major findings or executive summaries of the audit on an annual basis unless this practice contradicts Moroccan law.
Principle 1.3.3.	Personal Autonomy: Whether there is security of tenure for the members of the central bank's decision-making bodies is clear, as is the nature of such security. In this respect, security of tenure encompasses the eligibility and disqualification criteria for the appointment of the members of a central bank's decision-making bodies, the appointment procedure, the dismissal criteria and procedure, their remuneration, and the duration of their tenure.
Description	<p>The BAM Law is clear on the appointment mechanism and eligibility criteria of the BAM Governor, as well as the tenure period (Article 30). Moreover, the same article states that the Governor receive remuneration fixed by a decree. The decree is not published on the BAM's website. The grounds for dismissal of the Governor are not stated under the BAM Law.</p> <p>While the Director General's appointment mechanism is stipulated under the BAM Law (Article 33), the eligibility criteria, tenure period, grounds and mechanism for dismissal, remuneration level are not.</p> <p>Article 26 of BAM Law is clear on the appointment mechanism of the six members of the Board appointed by the Head of Government. The same article also clearly states their eligibility criteria and duration of tenure. While the same article states that a Board member may be "revoked", the law is silent on the termination grounds of Board members.</p> <p>Article 27 of BAM law states that the six members of the Board appointed by the Head of Government shall receive remuneration fixed by a decree. The decree is not published on BAM's website.</p> <p>A Code of Ethics (Code de déontologie des membres du Conseil de Bank Al-Maghrib) is published for members of BAM's Board on the website.</p>
Assessment	<p><i>Core</i></p> <p>While the BAM Law is clear on the appointment mechanism, duration of tenure, eligibility criteria of the BAM Governor as well as the six members of the Board appointed by the Head of Government, both the law and the BAM website are silent on the termination grounds as well as process of dismissal. In addition, the remuneration level or the mechanism for deciding upon such remuneration level neither of the Governor nor the Director General is not disclosed.</p> <p>While the law states the six members of the Board appointed by the Head of Government shall receive an indemnity fixed by a decree, neither this decree nor the amount of indemnity or the mechanism for deciding the amounts thereof are published on the BAM's website.</p> <p>From the BAM's website it is not apparent when the current six members of the Board appointed by the Head of Government have been appointed and the ends of their tenure periods. In addition, the website doesn't explain the fact that the current members of the Board have been appointed under the current law.</p>
Comments	<p>To enhance transparency, the BAM may consider publishing the amounts of remuneration/indemnity received by all its Council members or the mechanism for deciding upon such amounts.</p> <p>Moreover, the BAM may wish to consider publishing additional information on the tenure period of Council members (especially the six appointed by the Head of Government).</p>

Principle 1.3.4.	Financial Autonomy: The central bank's financial resources available to fulfill its mandate, and the nature of those resources, are clearly disclosed. In this respect, there is clarity regarding the central bank's capital, the rules governing any recapitalization of the central bank, its budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.
Description	<p>The BAM Law (https://www.bkam.ma/en/content/download/668407/8534171/Statut%20BAM%20A5%20ANG.pdf) contains provisions on financial arrangements. In particular:</p> <ul style="list-style-type: none"> • Article 2 provides information on the capital of the BAM – set at 500 million dirhams and fully paid up and held by the state. Further Article 2 also provides for the building up of capital from the reserves of the bank and requires the advice of the Government Commissioner in this regard. • Article 2 also states that the Government shall make cash contributions to cover the shortfall in case there is insufficiency. It may be unclear how this insufficiency is determined. • Article 48 describes the profit distribution mechanism of the BAM and requires the establishment of a general reserve fund and provides for special reserve funds before distributing the balance of the profit that remains. • Article 46 describes the accounting standards applied by the BAM which are promulgated by the National Accounting Council in Morocco. The annual financial statements also refer to the legal requirements under the BAM Law that govern the preparation of the financial statements. • Articles 25 and 31 describe the Board's approval requirements for the BAM budget. • Article 69 clearly prohibits the granting of financial loans to the State by specifying the conditions for granting the overdraft facility. • The Bank's preparation of its own budget and its validation by the Board (Articles 25 and 31). The rules governing the budgeting process are described in an internal charter. • Services provided to the State are remunerated (Article 17) based on an agreement signed with the State. The said agreement is not published. <p>The published annual financial statements contain:</p> <ul style="list-style-type: none"> • A note on the accounting rules and the valuation methods (https://www.bkam.ma/en/content/download/730224/8538458/RA%202020%20ENG.pdf) (p. 213-216). • A statement on the changes in shareholder's equity which provides the composition and the evolution of the bank's capital and reserves since the previous accounting period. • The amount of Lending to the Moroccan government on the face of the BAM's balance sheet. However, there is no further explanation of this item in the detailed notes to the financial statements (p 207). • The preparation of the budget and its validation by the bank's Board are provided for in Articles 25 and 31 of the BAM Law. • The modalities for building up general and special reserves are specified in Article 48 of the BAM Law and the statements on changes in shareholder's equity provides an indication of the changes since the previous financial year (p. 230-231).

	<ul style="list-style-type: none"> Article 72 provides for the revaluation of foreign assets and explicitly prohibits the distribution of unrealised gains. Note 3.2.7 on the accounting policies of the BAM contains a detailed explanation of the BAM's application of the legal requirements on foreign exchange revaluation gains and losses and describes the use of the "foreign exchange reserve account" for this purpose. This account is reflected under "other liabilities on the BAM's balance sheet and a note explaining the balance is contained on p. 230 of the Annual Report. <p>The profit distribution rules are contained in Articles 48 of the BAM law which also contain provisions on the establishment of the general and special reserves. The BAM's recapitalization is covered in Article 2 of the BAM Law.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM Law and annual financial statements provide comprehensive information on the financial autonomy of the bank. In this regard, the annual financial statements of the BAM contain a balance sheet, statement of changes in equity, and notes which provide detailed information on the bank's capital, reserves, provisions, profit and loss, monetary financing, and the applicable accounting standards. The provisions on financial autonomy in the BAM Law regulate the recapitalization of the BAM and restrict monetary financing.</p>
Comments	<p>Transparency would be enhanced with the publication of the Bank's budget rules on its website, as well as describing on how the BAM is remunerated by the State for the banking and financial services it provides to the latter. The BAM's transparency would also be enhanced if it is explained how the insufficiency of capital is determined under Article 2.</p>
Principle 1.4.	Decision-Making Arrangement: The central bank discloses a clear overview of the organizational structure or allocation of responsibilities to its decision-making bodies: policy making, day-to-day management, and internal oversight of the central bank.
Description	<p>The BAM's website has extensive information (including its published Annual Report) explaining its governance and organizational structure. The BAM also has published its organizational chart, Governance Charter along with its Rules of Procedure of the BAM's Board. According to the BAM, for the publication of the Coordination and Systemic Risk Monitoring Committee charter, it may require the consent of other public institutions that are members of that committee.</p> <p>The BAM's website also has a dedicated section for its internal control system and internal audit function, along with its Internal Control System and Internal Audit charters.</p> <p>The BAM's website also has a dedicated section on its risk management and business continuity policies and procedures.</p> <p>The CVs/biographies of the Board members are published on the BAM's website.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The BAM publishes helpful information about its organizational structure, the functions of its decision-making bodies, as well as its internal control system. The publication of the CVs of the members of the Board is a good disclosure practice.</p>
Comments	<p>The BAM may wish to consider seeking the consent for publishing the charter of the Coordination and Systemic Risk Monitoring Committee for co-members of the committee.</p>
Principle 1.5.	Risk Management: The central bank discloses the principal risks that it needs to take to meet its objectives (such as financial, operational, and legal risks), and the framework to

	manage these risks. This includes information on the risk governance structure and risk strategy.
Principle 1.5.1.	Risk Exposure: The central bank discloses the principal risks that it needs to take to meet its objectives.
Description	<p>The BAM's 2020 Annual Report (https://www.bkam.ma/en/Publications-statistics-and-research/Institutional-publications/Annual-report-presented-to-his-majesty-the-king/Annual-report-2020) contains high-level information on the key risks faced by the central bank including strategic risks, operational risks, reputational risks, and financial risks. The information also describes the process of continuous monitoring of strategic, operational, and reputational risks and work undertaken during 2020 on validating and mapping emerging risks from the pandemic.</p> <p>For financial risks the 2020 Annual Report describes the governance framework to ensure that investments comply with the established objectives of security and liquidity. The report also mentions the governance bodies involved in the investment management process and describes the BAM's internal processes to ensure compliance with investment guidelines (https://www.bkam.ma/en/Publications-statistics-and-research/Institutional-publications/Annual-report-presented-to-his-majesty-the-king/Annual-report-2020).</p> <p>Further, the Global Risk Management Policy specifies the roles and responsibilities of all the stakeholders in the risk management process, the scope of the risks covered, as well as the role of the governance bodies (https://www.bkam.ma/content/download/413764/3379071/Politique%20globale%20de%20gestion%20des%20risques%20de%20BAM%201%204%20W%202016.pdf).</p> <p>In addition, the central bank's audited financial statements contain expanded disclosures on the financial risk management system. A high-level description of financial risks (credit, market, and liquidity) is provided and accompanied by the governance framework in place to oversee and execute foreign reserves management.</p> <p>The audited financial statements also provide a breakdown of portfolio exposures by region and asset class, and explains the BAM's approach to managing credit, market and liquidity risks (https://www.bkam.ma/fr/content/download/730224/8342009/Etats_financiers_2020_Site.pdf).</p>
Assessment	<p><i>Core</i></p> <p>An overview of key risks facing the BAM are contained in the BAM's website (https://www.bkam.ma/en/About-us/Governance/Risk-management-and-business-continuity). The principal financial and non-financial risks are disclosed in the BAM's Annual Report and audited financial statements.</p>
Comments	<p>To expand on transparency practices, the BAM should provide information on its website on developments of key risks, include a risk statement outlining its stance on financial, operational, and other risks from its policy operations, investment operations, and other activities (e.g., currency management, banking, and payment systems) and disclose the level of (and developments in) its risk exposures, as well as associated quantified demands on its financial resources/buffers, including a brief description of the methodology used for quantification. A high-level overview of key risks clearly mapped to the BAM's mandate and measures to mitigate these risks would further enhance current transparency practices.</p>

Principle 1.5.2.	Risk Framework: The central bank discloses the process for identifying financial and nonfinancial risks, the overall risk strategy, and the accompanying risk governance structure designed to monitor and evaluate risks effectively.
Description	<p>The BAM publishes on its website a Global Risk Management Policy (GRMP) which consolidates the basic principles governing risk management at the bank and defines the roles and responsibilities of the bodies involved in the risk management process (https://www.bkam.ma/content/download/413764/3379071/Politique%20globale%20de%20gestion%20des%20risques%20de%20BAM%201%204%20W%202016.pdf).</p> <p>The GRMP's main objectives are to (i) provide a structured, uniform process for the identification, evaluation, management, and monitoring of risks; (ii) provide the BAM Board with the information needed to assess bank's exposure to risks that could impact the achievement of its objectives; and (iii) offer the resources needed by business process owners to understand and manage the risks inherent to their activities.</p> <p>In addition, the framework for managing financial and non-financial risks is also included in the annual report, which also describes the roles and responsibilities of the Risk and Compliance Committee and the scope of its purview (https://www.bkam.ma/en/Publications-statistics-and-research/Institutional-publications/Annual-report-presented-to-his-majesty-the-king/Annual-report-2020).</p> <p>The oversight role of the Audit Committee with regard to risk management is mentioned in the Annual Report together with the status of recommended improvements to strengthen the risk management and control systems.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM's framework for managing risks is described at a high level in the Global Risk Management Policy (GRMP). Separately, the Annual Financial Statements provides information about financial risks while the Annual Report describes the role of the Audit Committee in overseeing risk management.</p>
Comments	<p>While the Annual Report contains an overview of the functions of the Risk and Compliance Committee and the Internal Coordination and Management Committee, additional information on their composition, powers, roles, and responsibilities vis-à-vis risk management would enhance transparency. In addition, the interaction between the main oversight body (Audit Committee) and the operational committees would provide useful information for stakeholders.</p> <p>Separately, a detailed description of the BAM's risk management framework which includes the actions taken to identify, evaluate, and mitigate risks (including risk management strategies) would further enhance transparency. This could be linked to the Global Risk Management Policy which is already published on the BAM's website.</p> <p>In light of the pandemic, public disclosures on the BAM's crisis management system with regard to business continuity would also be useful.</p>
Principle 1.6.	Accountability Framework: The central bank discloses its accountability framework that provides transparency and reporting mechanisms to internal decision-making bodies, political institutions, and the general public.
Principle 1.6.1.	Arrangements: Accountability arrangements are clearly identified, including: (i) Internal and external audit arrangements and compliance; (ii) reporting to an audit committee or Board having an oversight responsibility; and (iii) the external publication of audited financial statements and annual reports.

Description	<p>Financial Statements</p> <p>Article 46 of the BAM Law (https://www.bkam.ma/en/content/download/668407/8534171/Statut%20BAM%20A5%20ANG.pdf) requires that the BAM keep its books in accordance with the policies set by the National Accounting Board while Article 47 specifies the financial year of the bank (January to December). It further provides for the preparation of summary statements that include a balance sheet, profit and loss statement, and supplementary information and that the Governor presents these statements (included in a management report) to the Board for approval (Article 31, paragraph 19).</p> <p>Article 25 (section III, paragraph 8) of the BAM Law provides that the Board shall examine and approve the management report and the summary statements. The Board is kept informed periodically (according to Article 25) of the conduct of the BAM missions, and the activities and results of the Bank.</p> <p>Article 43 of the BAM Law provides for an annual external audit to be conducted by a firm appointed by the Board for a fixed non-renewable term. The law also requires that the external audit firm submit its report to the Board within five months of the financial year end. Article 29 assigns the oversight responsibility of external audit to the Audit Committee and the Audit Committee Charter assigns the task of ensuring the independence of the firm to the committee (https://www.bkam.ma/content/download/345748/2931502/Charte%20du%20Comit%20d'audit%20BAM%202013.pdf).</p> <p>The BAM has separately established criteria for the selection of the external audit firm which include quality requirements and rules governing the independence of the firm. These requirements are contained in an internal document (Instruction No. 3/G/2015) which is not published.</p> <p>Article 50 states that an Annual Report is to be submitted to His Majesty the King before June 30 of the year following the financial year and that the report contain information on the "bank's activities". Publication of the report in the "Official Gazette" after submission to the King is a requirement.</p> <p>Article 48 further provides that the Governor sends monthly accounting statements to the Ministry of Finance which are published in the Official Gazette.</p> <p>Under the published Audit Committee Charter (see below), the committee is charged with overseeing the work of the statutory auditor which includes reviewing the independence of the firm and the annual plan.</p> <p>Internal Audit</p> <p>Article 25 (III) provides for oversight of internal audit activities by the Board. The Internal Audit Charter (https://www.bkam.ma/content/download/345746/2931487/Charte%20d'audit%20interne%202017.pdf) outlines the duties and responsibilities of the function and provides for reporting lines to the Board (through the Audit Committee) and to the Governor.</p> <p>Notwithstanding this, the BAM Law does not contain any provisions on the establishment of the function and does not provide any protection to the position of the Chief Internal Auditor (CIA) (provisions that protect staff of the BAM are also applicable to the CIA).</p> <p>Audit Committee</p> <p>Article 29 of the BAM Law contains provisions for an Audit Committee. Membership of the committee is described, and its high-level responsibilities are mentioned.</p> <p>The Audit Committee Charter is published (https://www.bkam.ma/content/download/345748/2931502/Charte%20du%20Comit%20d'audit%20BAM%202013.pdf).</p>
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	<p>udit%20BAM%202013.pdf) and contains the scope of oversight (audit mechanisms, financial reporting, internal controls, and risk management) and outlines a requirement for an annual activity report to be submitted to the Board. The BAM's Annual Report contains a summary of the work of the Audit Committee.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM undergoes an annual external audit by an independent firm in accordance with local auditing standards (aligned with ISA). However, the underlying legal basis for (i) external audit independence; (ii) application of local/international standards by external auditors; and (iii) publication of financial statements are absent. Further, the BAM should indicate a deadline for publication of the annual audited financial statements. While publication of the Annual Report is required after it has been submitted to the King, the Law is not explicit on the inclusion of the annual financial statements in the report.</p> <p>The BAM has established an independent Internal Audit function and discloses information about its work on the BAM's website and in the Annual Report. Notwithstanding this, the BAM Law does not contain any provisions on the establishment of the function and does not provide any protection to the position of the Chief Internal Auditor (CIA) (provisions that protect staff of the BAM are also applicable to the CIA).</p>
Comments	<p>Financial Statements</p> <p>Given the absence in the BAM Law of certain provisions on the financial statements audit, the BAM should:</p> <ul style="list-style-type: none"> • Reflect the BAM's commitment to ensuring that the external audit is independent and is conducted in accordance with Moroccan/international standards in the Governance section of the BAM's website. (This could be included in the section that relates to "Supervisory Bodies" and includes a brief description of the external audit mechanism (https://www.bkam.ma/en/About-us/Governance/Supervisory-bodies); • Describe the BAM's publication practices for the annual audited financial statements under the tab on "Financial statements" on the bank's website (https://www.bkam.ma/en/About-us/Financial-statements/Accounting-situation). <p>Internal Audit</p> <p>Include additional background information on the BAM's internal audit mechanism on the website (https://www.bkam.ma/en/About-us/Governance/Internal-audit) which highlights the independence of the CIA and the protection that the BAM offers this position.</p>
Principle 1.6.2.	<p>Tools:</p> <p>Independently Audited Financial Statements: The central bank discloses its auditing and accounting standards and compliance frameworks and gives the public sufficient information to assess and understand the central bank's financial performance, use of resources, and transactions with the government and other stakeholders.</p> <p>Internal Audit: The central bank provides the public with information regarding its internal audit function, discloses its framework and compliance with the framework, and the scope of its responsibilities.</p> <p>Audit Committee: It is clear whether an internal oversight body that reports to the Board exists, and which of the activities are published.</p>

Description	<p>Financial Statements</p> <p>The annual financial statements together with the external audit report are published in the Official Gazette and Annual Report, after presentation to the King, and separately on the BAM's website. The external audit is usually completed within three months after the financial year end and a full set of accounts (balance sheet, the profit and loss statement, cash flow statement, statement of change in shareholders' equity, and notes) is published on the website in advance of publication in the Official Gazette and Annual Report. (https://www.bkam.ma/fr/content/download/730224/8342009/Etats financiers 2020 Site.pdf). The annual report (part 3: financial statements) and the financial statements published separately on the website, provide information about the Bank's performance, results, operating expenses and its various relations, in particular with the Government and the national and international financial organizations.</p> <p>The basis of preparation is clearly disclosed in the published financial statements. The financial statements are prepared in accordance with the BAM chart of accounts, as approved by the National Accounting Board in Morocco, and general accounting standards are applied to the treatment of certain asset classes and the evaluation of its financial operations. The audit report mentions that Moroccan standards were applied in conducting the audit of the financial statements.</p> <p>Internal Audit</p> <p>The BAM website provides a basic description of the internal audit function (https://www.bkam.ma/en/About-us/Governance/Internal-audit) with a link to the Internal Audit Charter in French (https://www.bkam.ma/content/download/345746/2931487/Charte%20d'audit%20interne_2017.pdf). The website also mentions the main objectives of the function and that it applies a risk-based approach to plan and execute audits.</p> <p>The charter highlights that the function abides by the standards promulgated by the International Professional Practices Framework (IPPF) for internal audit and adopted by the Institute of Internal Auditors (IIA).</p> <p>The 2020 Annual Report provides additional information on the internal audit program for the year under review and lists the major processes audited that year. The 2019 Annual report also provides information on the Quality Assurance and Improvement Program (QAIP), the frequency of external assessments, and the result of the most recent assessment. In this regard, the Internal Audit Department has been subject to both internal and external assessments since 2009. External assessments are conducted by specialized firms, selected through a tender process, or by peer central banks and are aligned in timing with the BAM's strategic cycle. Since 2009, five external reviews have been conducted confirming the department's adherence to the IIA standards.</p> <p>Notwithstanding this, the 2020 Annual Report was silent on the QAIP. To improve disclosures in this area, it would be useful for the BAM to highlight on its website (https://www.bkam.ma/en/About-us/Governance/Internal-audit) its commitment to quality and to describe the salient features of the QAIP to underscore this.</p> <p>Audit Committee</p> <p>The BAM publishes on its website the names of the Board members that constitute the Audit Committee (https://www.bkam.ma/en/About-us/Governance/Governing-and-management-bodies2). A short curriculum vitae for each member is also included in French. A link to the Audit Committee Charter is available on the website in French. The charter outlines the responsibilities of the committee, scope of oversight, frequency of meetings, and reporting requirements.</p>
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	<p>The Annual Report provides a brief summary of the work of the committee during the financial year under review in relation to internal and external audit, financial reporting, risk management and the system of internal controls. The 2020 Annual Report also highlighted the BAM's progress in implementing internal audit's recommendations while acknowledging the impact that the COVID-19 pandemic had on this.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The annual financial statements and external audit report are published on the BAM's website and in the Annual Report. The Internal audit Charter, which is published on the BAM's website, outlines detailed information about the function while the Annual Report provides a summary of the work of the department. The Audit Committee Charter is made publicly available through the bank's website and outlines the committee's responsibilities, and the Annual Report contains a summary of the main activities of the committee during the year under review.</p>
Comments	<p>Internal Audit</p> <p>The BAM should disclose on its website, its commitment to adhering to the IIA standards and details on internal audit's QAIP.</p>
Principle 1.6.3.	<p>Anti-corruption Measures and Internal Code of Conduct: It is clear whether domestic anti-corruption legislation and measures apply to the decision-makers, staff, and agents of the central bank. The central bank discloses its internal Code of Conduct with additional requirements specific to central bank management and staff.</p>
Description	<p>The BAM Law requires that the Board review and approve the codes of professional conduct which is applicable to its members and the staff of the BAM. Codes of conduct (one applicable to Board members and another for staff) are published on the BAM's website in French (https://www.bkam.ma/content/download/345742/2931479/CDMC_2020.pdf) and (https://www.bkam.ma/content/download/345744/2931483/Code%20de%20d%C3%A9ontologie%20%20BAM%202020.pdf)</p> <p>The Board's Code of Ethics includes provisions on avoiding conflicts of interest (Article 3) and on the use of confidential information (Article 4). Article 16 of the Code of Conduct applicable to staff contains specific examples of acts of corruption and prohibits staff from abusing their positions of employment for personal gain or to favor third parties. It also contains rules of good conduct regarding gifts and invitations (Articles 17, 18 and 19) and the use of sensitive information. Articles 26 and 27 of the code prescribe annual declaration of assets to the BAM. Article 4 of the Code of Conduct requires that the internal audit and risk management functions monitor compliance on an ongoing basis. These codes are updated every two years.</p> <p>(https://www.bkam.ma/content/download/345743/2931481/bulletin_info_deontologie.pdf).</p> <p>The BAM has also established an Anti-Bribery Policy, as part of an Anti-Bribery Management System (ISO 37001 certified) in November 2019</p> <p>https://www.bkam.ma/Communiqués/Communiqué/2019/Bank-al-maghrif-certifiée-iso-37001-pour-son-système-de-gestion-anti-corrupcion)</p> <p>The Anti-Bribery Policy is published on the BAM website (https://www.bkam.ma/en/content/download/642889/7426295/Politique%20anti%20corruption%20BAM-ENG.pdf). The BAM's commitment to conduct its business with integrity and to the highest ethical standards is clearly stated at the outset of the policy. In addition, an official statement signed by the Governor clearly states the Bank's commitment to the principle of "zero tolerance" to bribery. This statement is published in the website.</p>

	<p>(https://www.bkam.ma/content/download/649191/7316945/Engagement%20Anti-corruption%20BAM.pdf)</p> <p>The policy, which applies to Board members and staff, provides definitions of corruption and influence peddling and describes the forms that corruption may take (e.g., nepotism, embezzlement, and extortion). The policy also outlines measures for the management of conflict of interest, gifts, invitations, and other benefits.</p> <p>A Whistle-Blowing mechanism has also been established at the BAM (https://www.bkam.ma/en/content/download/649699/7426369/Dispositif%20alerte%20ethique-ENG.pdf). The mechanism is clearly disclosed on the bank's website in a document that underscores the BAM's commitment to anti-bribery and anti-corruption. The document also outlines the alternatives that staff and the general public have to convey issues of concern to the Head of the compliance function of the bank. The Bank's Whistle-Blowing mechanism provides for anonymous alerts. A sanctions mechanism is defined in the Code of Ethics applicable to the staff (article 31) and the Anti-Bribery Policy (article 11) to be applied to any violation of Ethics and Anti-Bribery conduct rules.</p>
Assessment	<p><i>Comprehensive</i></p> <p>Codes of conduct for Board members and staff are disclosed on the BAM's website. A whistleblowing mechanism is in place and modalities are published in the Bank's website. The Anti-Bribery policy is also available which contains detailed information on anti-corruption measures, procedures for handling conflict of interest, and internal rules for the acceptance of gifts.</p>
Comments	<p>Disclosure of the rules for accessing confidential information held by the BAM would further enhance transparency.</p>
Principle 1.6.4.	<p>Human Capital Management: The central bank discloses its policies and practices concerning the governance and management of human capital.</p>
Description	<p>The BAM discloses information on Human Capital Management (HCM) issues in the Annual Report. The 2020 Annual Report contains a diagram that reflects the number of staff, gender split (diversity consideration), area of activity (core vs. support), average tenure, and average age. It also describes the steps taken by the BAM to protect staff in light of the pandemic and training initiatives during the year.</p> <p>A link to a "careers" section is present on the BAM's home webpage, in French. The link (https://bkam.csod.com/ats/careersite/search.aspx?site=11&c=bkam) opens up a new platform of the BAM dedicated to recruitment. This platform contains information on vacancies available at the BAM and has links to various videos where staff share their experiences of working at the BAM. Further, the special design of the "careers" portal allows for the public in general and for potential candidates in particular, to summarize the main components of the Bank's HR offer. Additional HCM information is also bank's YouTube channel (https://youtu.be/0ajNyqiC4d0) and its LinkedIn page (https://www.linkedin.com/company/bank-al-maghrib/). The BAM also publishes vacancies on the civil service recruitment website (https://www.emploi-public.ma/).</p> <p>The bank's current development initiatives for staff have been included in the 2019-2023 Strategic Plan (https://www.bkam.ma/en/content/download/640910/8291733/BAM%20PLAN%20STRATEGIQUE%20FINAL%20ang%202.pdf) which provides a high-level outline of the BAM's HCM strategy. The strategy for this period is clearly stated in the plan and includes an increase in the specialization of activities which would result in new professions and a need for new expertise. This will ultimately result in greater generational diversity in the medium to long term and different expectations among employees with regard to management methods,</p>

	<p>working methods, and work-life balance. Updates on progress with the HR initiatives in the Strategic plan are also included in the 2019 Annual Report https://www.bkam.ma/en/Publications-statistics-and-research/Institutional-publications/Annual-report-presented-to-his-majesty-the-king/Annual-report-2019 (p.176-177) and the 2020 Annual Report (p.198-199).</p> <p>The 2020 Annual Report (p.198-199) includes an update on the implementation of a succession management system in order to identify a pool of candidates for future planning purposes.</p> <p>For policies on attracting, promoting, and retaining staff, the BAM has published the Corporate Social Responsibility (CSR) policy on the bank's website which is signed off by the Governor and includes commitments relating to ethical and transparent governance, developing human capital while ensuring diversity (gender) and equal opportunities for all, and guaranteeing a healthy and safe working environment to protect the well-being of employees. In 2015, the BAM also published a CSR report on its website (https://www.bkam.ma/en/content/download/413904/3380019/Rapport%20RSE-ANG%20def%2017-11-16%20def.pdf) which underscores the BAM's commitment to developing human capital and ethical behavior, and provides statistical information on development initiatives, recruitment, promotions, and mobility that year. The report also includes high-level information talent management and succession planning for critical positions within the BAM.</p>
Assessment	<p><i>Expanded</i></p> <p>Information on HCM is contained in numerous disclosures including the BAM's strategic plan, Annual Report, CSR Policy, and the "Careers" Portal. The coverage of HR issues amongst these disclosures includes information on recruitment, training and development, gender diversity, and succession planning. Further, information on attracting, promoting, and retaining staff is also available together with the link between the BAM's strategy and its HCM policies.</p>
Comments	<p>To enhance transparency of HR practices, the BAM should disclose:</p> <ul style="list-style-type: none"> • An explicit statement that the BAM recruits and promotes staff on non-political grounds; • References to laws that prohibit patronage and discrimination; and • Further information on human capital retention.
Principle 1.7.	Communication: The central bank discloses means and methods of communication and the forms of disclosure of information to its stakeholders.
Principle 1.7.1.	Arrangement: The central bank discloses the organizational structure, responsibilities, and processes relevant for communication.
Description	<p>Organizational Structure</p> <p>The detailed organizational chart of the Communication Division is published on the Bank's website. The chart gives an overview of the different communication areas within the Bank including the names of the heads of the unit.</p> <p>The general organizational chart of the Bank, published on the website, shows the position of the Communication Division within the Bank, particularly in the "Communication and Institutional Relations" area. This area includes, in addition to the Communication Division, the Cooperation and Institutional Relations Division and the Bank's Museum Division.</p>

	<p>Responsibilities</p> <p>Under the BAM's Statute there is a clear commitment under Article 6 "to conduct monetary policy in a fully transparent manner as part of the government's economic and financial policy". Then under the BAM's Statute Chapter VII on "Reports and Communications" there is the obligation to present the annual report which is published in the Official Gazette, Bank website and all other media and then submitted to His Majesty the King. Concerning parliamentary hearing and under article 45 of the BAM's Statute "The Governor of Bank Al-Maghrib shall be heard on the Bank's missions by the Parliament's permanent committee(s) in charge of finance, upon initiative of the latter. Such hearings should be followed by a debate". The public hearing is widely disseminated by different media channels, including tv. The debate on the other hand is not public.</p> <p>Under article 52 of the BAM's Statute "The Bank shall prepare and publish Morocco's monetary and financial statistics. It shall periodically publish all other statistical information as well as the reports related to the exercise of its missions".</p> <p>Regarding communication commitments regarding Monetary Policy (article 51 of the BAM's Statute) after every Board meeting the Communication team shares the press release and the Monetary Policy Report on the Bank's website and conveys the related main messages on social networks including Twitter and LinkedIn. Since 2019, the Communication team summarizes the key figures of this report in global graphics, easy to understand.</p> <p>The Communication Division organizes a press conference immediately after the Board meeting. The public can follow the conference "live" through a link provided on the social media. The Governor answers all kinds of questions related to the bank's activities and does not limit the answers to monetary policy.</p> <p>Communication Processes</p> <p>Under the BAM's Statute, article 30, the Governor "represent the Bank vis-à-vis third parties". The Governor is the official spokesperson of the BAM.</p> <p>Otherwise, many medias' requests (interviews or questions) can be answered by the relevant Bank's managers after receiving the approval of the Governor. Many Managers participate on tv or radio programs.</p>
Assessment	<p><i>Core</i></p> <p>The BAM discloses ample information on the placement of the communications function in the organizational structure of the central bank and the senior executives responsible for the communications function. The BAM also discloses mostly through the annual reports how its communication processes are integrated into its core activities. The BAM does not disclose in the website detailed information on its internal communications arrangements, a communication policy, internal procedures and functions of the communication department, or internal instructions.</p>
Comments	<p>It is understood by stakeholders that the Governor is the main spokesperson on behalf of the BAM. The openness and clarity of the message conveyed by the Governor has been highly praised by all stakeholders. Occasionally, some other BAM's authorities also give press conferences by delegation of the Governor. It has been expressed by stakeholders the need of more interaction with technical staff in explaining policies, analysis and measures in a more detailed manner.</p> <p>Communications Department has shared with the CBT Mission its willingness to prepare a disclosed communication policy mostly on monetary and exchange policy. Regarding Foreign Exchange policy and its implementation more detailed explanations need to be</p>

	<p>given to the public on the advisory role that the BAM has on Foreign Exchange Policy and its role in implementing the policy determined by the MoF.</p> <p>A disclosed policy regarding media interactions and requests is also necessary to implement with determined time frames responses to media requests to guarantee that information is delivered on a timely manner. The policy concerning public media should also determine channels of communication that assure that quality of information that is easy to be understood, especially regarding technical financial and economic topics, using different communication techniques, explanatory notes or through direct interactions with the central bank's technical staff.</p> <p>The BAM has mentioned that a general communications policy on how to reach out to the public and build comprehensive relations with the media, as well as disseminate of central bank's research, educational communication and financial inclusion is work in progress by the Communication and concerned Departments and therefore is not disclosed yet. Actions in those areas would enhance transparency.</p>
<p>Principle 1.7.2.</p>	<p>Strategy/Tools: The central bank discloses the objectives, target audiences, channels, and tools of communication policy.</p>
<p>Description</p>	<p>Communication Strategy, Disclosure of Communication Objectives</p> <p>Regarding the communication strategies, Bank's 2019-2023 Strategic Plan, "Strategic objective 5" That sets out strategy and objectives for the Bank's internal and external institutional communication (see pages 38-41).</p> <p>The strategic plan details the communication actions to be carried out to support each of the Bank's areas of activity. For example, the 2019-2023 strategic plan states that:</p> <ul style="list-style-type: none"> • With regard to the reform of the exchange regime (page 5), a responsibility of the government based on the BAM's opinion (advisory role) as set in Article 11 of the BAM Law), <i>"we will continue the implementation of the exchange rate regime reform initiated at early 2018, with a daily monitoring of developments on the foreign exchange market, to provide support to the banking operators and system and offer targeted and adapted communication for each stakeholder."</i> • In the monetary policy area (page 17) <i>"With regard to communication, in 2016 the Bank reviewed its monetary policy report and press release so that they better reflect the framework of its analyses and the bases of its decisions. With inflation targeting, it intends to simplify, streamline and develop the forward-looking approach of this communication, just as it will build on the multiple possibilities offered by technological innovations in terms of media and channels."</i> <p>Similarly, the communication actions carried out during the various projects are also mentioned in the annual reports. The "Communication and outreach" section of each annual report published on the Bank's website, highlight the achievements according to the strategic objectives. For example, 2018 Annual report, p.130: "The Bank's communication policy continued to support its various projects while remaining fully committed to innovation and diversification. The Bank's presence on social networks was therefore strengthened by the production and diffusion of more and more educational materials to explain its missions and work and ensure their dissemination among the public."</p> <p>The BAM communications regarding the reform of the exchange rate regime have been proactive and have covered all the elements of the policy agenda, including those not under the direct responsibility of the BAM (see for instance the Presentation to Parliament in January 2018 at the time of the announcement of the gradual transition from a fixed exchange rate regime to a more flexible one).</p>

Channels and Tools used by Target Audience

The 2019-2023 strategic plan outline the communication channels and targets as well as the means made available in this regard. Page 38, for example, states "It also intends to share the fundamentals of its decisions with journalists and influencers, based on new innovative mechanisms." "Additional educational and informational materials will also be developed, including new training approaches for journalists, a blog dedicated to the Bank and thematic meetings with the different audiences," "the general public will benefit from a reactive and creative communication, through the use of a new approach allowing for instant answers to questions, as well as through the organization of open days on the Bank's website and intranet platform."

For the Internal Target	For the External Target	For the Governor's Office
<ul style="list-style-type: none"> - Intranet portal - Tawassol (internal magazine) - The BAM's News (monthly newsletter) - Web TV - Flash info - Internal meetings and events - Daily press review 	<ul style="list-style-type: none"> - Website - Educational website - Posts on social networks (Twitter, LinkedIn, Facebook, YouTube, Instagram) - Thematic brochures. - Thematic videos (employer brand, educational videos, institutional videos...etc.) - Data sheets & synthesis notes - Press releases and other publications - Events & meetings (press conference, presentation of institutional reports, thematic events, meeting with the media/academics etc.) - Physical, telephone and electronic reception - Audio visual content to accompany projects 	<ul style="list-style-type: none"> - Daily press review - Daily analysis of media articles - Information notes

Actions and Activities for Journalists

A listening session was held with journalists in 2017 to share the Bank's new redesigned website. The aim was to promote the new version of the website and to get feedback on the improvements made. In 2017, a press release was published to communicate about organizing jointly, with the Treasury and External Finance Directorate of the Ministry of Economy and Finance and the Foreign Exchange Office, training workshops on the foreign exchange regime, targeting fifty journalists.

There is a specific channel to respond to [requests by the press](#) (Around 120 requests per year).

The [Bank's website](#) gives an overview and access to the various communication tools and channels of the Bank: institutional reports, press releases, calendars of the Bank board meetings (press conferences), the Bank's contact information, its social network accounts, a press area dedicated to the media, and an educational area for the general public (including the youth and academic communities). To strengthen its communication mechanisms, the Bank finalised, in 2021, the project of migrating the Bank's website to the cloud for an optimal use and improve the search engine. The BAM's website is available to the public in Arabic, French and English, being the most updated the versions the ones in the official languages.

Publication of annual [press releases](#) about the issuance of the Bank's institutional documents that serve as communication tools for various target groups regarding the Bank's achievements and projects over the past year. Following the Board meetings, press releases are regularly issued and press conferences are organized alongside these meetings in order to exchange and share information with the media. This press conference is broadcast live in the media. The Bank's events are regularly covered live in the Bank's social media accounts.

[Calendar of Publications](#) and [Dissemination of Reports](#) is also found on the central bank's website. The Communication Division has a unit of webmasters in charge of the Bank's web site. They introduce, on a daily basis, information, including statistical data after a sharp approval process from other departments (producers of data). This data is also published on social networks.

Access to Information Systems

To better respond to request of information by the general public, in 2019 the Communication Division created the "[reception policy](#)" unit. This unit handles questions asked by the public through the physical reception service via the BAM's agencies and telephone via the switchboard (080 200 11 11). Nearly 1000 calls are handled monthly; and IT tool that allows to monitor calls. The unit manager can supervise the call and improve the service with his team. Bank Al-Maghrib has also created the e-mail address accueil@bkam.ma for the public. Physical reception at all the Bank's branches answers visitors' questions and offers them the appropriate communication material (guides, flyers, briefing notes...). Since 2021, the Communication Division has developed a kind of brochure called "[useful information](#)". These brochures cover specific subjects considered important for the public. These subjects are chosen based on the most frequently asked questions handled by the reception telephone unit.

[The website has a specific page regarding Banks staff responsible for the implementation of the Law 31-13 right to access to information.](#)

The processing observed by the Bank in the context of the right of access to information complies with the principles of Law No. 31-13.

The Bank has already obtained authorization from the National Commission for the Protection of Personal Data (CNDP) for the implementation of the processing of personal data in the context of handling requests for access to the information (Authorization No. A-DAI-774). Which treatments already observe the terms of the Deliberation adopted by this authority.

The Bank has also adopted [the model access to information request](#) form developed by the Commission du droit d'accès à l'information (CDAI).

Concerning the website, documents became accessible to the public from 2000 regarding annual reports and other publications.

Educational and Outreach Actions

In addition to other communication tools, Bank Al-Maghrib has a website intended to

	<p>outreach the public about the BAM's missions as well as economic and financial concepts.</p> <p>The BAM produces several educational contents for the public: videos, brochures, sheets games, and educational calendars, etc. They are shared on educational websites and social media.</p> <p>Bank Al-Maghrib participates annually in the Global Money Week (GMW). During this event, educational material is distributed, and training sessions are organized for visitors in all the BAM's agencies (Open doors). In addition to that, Bank Al-Maghrib welcomes university and high school students for a training day about the fundamental missions of the Central Bank.</p> <p>Since 2021, the BAM has developed a new initiative for raising awareness among the public about different topics. Some brochures are frequently promoted called "useful information". They are available on the website and published on social networks and even shared via WhatsApp. The topics covered are drawn from the public needs expressed during telephone calls held by the reception unit.</p> <p>Evaluation of the Communication Strategy</p> <ul style="list-style-type: none"> • Annual listening sessions/focus groups conducted by the Communication Division with selected journalists in order to measure their satisfaction with the communication system (website, handling of media requests, participation in Bank events, etc.). • Yearly quality assessment of the telephone reception service offered to the public. • Internal satisfaction assessment of the actions deployed for the staff and their children (visits to Dar As-Sikkah, visits to the Museum, educational workshops). • Regular review of the internal communication system (internal magazine, management committee press release, guides, news flash).
Assessment	<p><i>Comprehensive</i></p> <p>The BAM implements a communication strategy that is part of the Strategic Plan 2019-2023. The BAM's Institutional Communication Department implements a variety of tools; press releases, press conferences, and website that has been highly regarded by stakeholders as complete and updated. The BAM has been making sustained efforts to diversify its communication channels and has taken advantage of social media, video (YouTube) graphics and innovative techniques to cover (and attract) different audiences. This innovation is present on an educational material website. We encourage the efforts to maintain updated the communication channels in the different official languages of Morocco specially the website, on this regard we recognize that information in English and the website version in English language is for informational purposes aiming to facilitate dissemination of the information to a broader audience.</p>
Comments	<p>As it is explained in the description of the BAM's Strategy plan 2019-2023 has a component on communications but a detailed perhaps yearly communication strategy in accordance to the communication policy and the general strategic plan will allow an in-depth approach on communication needs and priorities, specific timeframe to achieve goals, and implementation of actions and measures in accordance with targeted stakeholders/ audiences. Institutional functions of the Communications Department should also be disclosed to the public.</p>
Principle 1.8.	<p>Confidentiality: The central bank discloses its policy on confidentiality or secrecy of central bank information, including the reasons underlying the choices it has made on disclosure or non-disclosure of sensitive information.</p>

Description	<p>The BAM's confidentiality policy is established in legislation; that is in the BAM's Statute Article 39 and Law 31-13 on the right to access information. Article 39 determines that any member in the administration, leadership, supervision and audit and the Bank management are required to observe professional confidentiality.</p> <p>This legal provision is implemented through the Code of Ethics applicable to the Governor, the General Director, and the Bank staff (Article 7 "Professional secrecy - Obligation of reserve," Article 8 "Non-use of privileged information"), and the Code of Ethics applicable to Board Members (Article 4: "Confidential information and confidentiality obligations"). Article 8 of Rules of Procedure of the the BAM's Board determines the confidentiality of Board meetings discussions and specific opinions and arguments of individual members are also confidential.</p> <p>The Global Information Security Policy, which is an internal document, sets criteria for classifying information and rules to be respected to protect information depending on its confidentiality level. The Bank is in the process of changing its classification system to align it with a new regulatory classification grid adopted in July 2021. It should also be specified that the law on archives (66.99) defines the deadlines from which documents that are part of the public archives have to be accessible to the public.</p> <p>The "Personnel Statute" (Main staff Regulation) addresses, also, the subject of "confidentiality," article 16, which specifies that <i>"in addition to the professional secrecy to which they are bound by the criminal legislation, members of the bank staff are bound by the obligation of professional discretion for all matters relating to the facts and information of which they become aware in the exercise or on the occasion of the exercise of their functions."</i></p> <p>In accordance with Law No. 31-13, the rule of principle imposed on administrations and public bodies or entrusted with public service missions is to provide access to the public, either proactively or on request, to the information they hold within the framework of their missions and responsibilities. This rule is nevertheless accompanied by exceptions expressly excluded from the right of access to information. Some of the exclusions listed under article 7 with direct implications to the BAM are the following:</p> <ul style="list-style-type: none"> • Information relating to the private life of individuals or those of a personal nature. • Information whose disclosure is detrimental to the monetary, financial, or economic policy of the State. • Information whose disclosure is detrimental to industrial property rights, copyrights, or related rights. • Information considered confidential by a particular legislation • Information the disclosure of which infringes the confidentiality of investigations and administrative inquiries unless authorized <p>The Bank is currently dealing with this aspect of transparency by respecting and directly applying the legal provisions of Law No. 31-13, both regarding proactive publications and the processing of access requests made on an ad hoc basis.</p> <p>It will shortly publish the relevant documentation (instruction and other instrument providing information on the internal mechanism for deploying the right of access to information. We have been informed by the Legal Department that they are far advanced in the preparation of instructions that will be published and disseminated regarding the practice observed by the Bank with regard to the right to access information. This instruction will be made public and will include a description of the following aspects: Perimeter of the right of access to information; Proactive actions of the BAM regarding access to information; Measures to facilitate the access to information; Free access and exceptions to that free</p>
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	<p>access; conditions of use and reuse of the information obtained; access formalities; deadlines and procedures for producing responses; remedies; and actors of the device.</p> <p>It has also been expressed those actions have been taken to digitize the process for handling access to information requests.</p>
Assessment	<p><i>Core</i></p> <p>The legal framework for the BAM's confidentiality system is clearly established in legislation, but it needs to be explained and make it accessible to the public. Some other measures to implement this system include a grid to classify the information on various levels including determining which legislation is public by law or internal determination of the BAM.</p> <p>The Bank is currently dealing with this aspect of transparency by respecting and directly applying the legal provisions of Law No. 31-13, both regarding proactive publications and the processing of access requests made on an ad hoc basis.</p> <p>The BAM emphasized that it is already working on publishing the relevant documentation (instruction already approved) and other instruments providing information on the internal mechanism for deploying the right of access to information.</p>
Comments	<p>The following actions would enhance transparency regarding confidentiality:</p> <ul style="list-style-type: none"> • Disclose on the website its policy on confidentiality or secrecy of central bank information, including the reasons underlying the choices it has made on disclosure or non-disclosure of sensitive information. • Law 31-13 that determines the limitations of the right to access information. We strongly recommend putting a link to such law or disclose it in the "legislation section of the website" or in a section explaining the limitations to access to information (Confidentiality Framework) and conversely the obligation to disclose information also present in the BAM's Statute. • When responding to requests of information that falls under "reserved or confidential information" the BAM's response should explain the reasons why that information is considered confidential. It would be important to track the number of requests answered regarding public information and the number of requests that explains that the information is not public, as well as the average processing time of the requests and make this information public in its reports as part of the implementation of Law 31-13. • The BAM's complete confidentiality legal framework should be explained to the public and disclosed on its website. We encourage the BAM to also make public voluntary policies, standards and internal regulations that expand or limits its confidentiality system.
Pillar II—Central Bank Policies	
Principle 2.1.	Monetary Policy: The central bank publicly and clearly discloses the objectives, policy framework, and instruments of monetary policy.
Principle 2.1.1.	Objectives and Framework: The central bank discloses its monetary policy framework and strategy for achieving its objectives.
Description	<p>The BAM's monetary policy framework (exchange rate peg to a disclosed basket of currencies) is disclosed in several publications, including the website in the section dedicated to the reform of the exchange rate regime. The Monetary Policy section of the website provides a description of the BAM's strategy for achieving the price stability mandate set in Article 6 of the BAM's Law (see also Principle 1.2).</p>

	<p>Key aspects and dimensions regarding how the monetary policy framework is implemented are disclosed on the website as follows:</p> <ul style="list-style-type: none"> • <i>Instruments to achieve the monetary policy objective.</i> The main instruments of monetary policy and the means to ensure the transmission of monetary policy decisions to the real economy are disclosed on the Website. "To achieve its objective of price stability, measured by reference to a moderate change in the consumer price index, the BAM uses two main instruments, the policy rate and the required reserve." The monetary policy operational framework associated to the policy framework is also clearly disclosed in the BAM's website (see also Principle 3.1). The Q&A section of the website covers issues related to price stability and the BAM's role in that regard. • <i>Foreign exchange regime.</i> Currently characterized by a fixed intermediate exchange rate regime, in which the national currency is pegged to a basket of currencies that reflect the structure of Morocco's foreign trade. The reform of the exchange rate regime launched in January 2018 aims at a gradual transition from the fixed exchange rate regime to a more flexible one, with phases in that process with regard to the reform of the foreign exchange market. The website also provides a description of the history of Morocco's FX regime. • <i>Governance bodies.</i> In addition to the Bank Board, which represents the highest authority in matters relating to monetary policy decision, the BAM has two internal committees which contribute to the preparation and implementation process of monetary policy decisions: the Monetary and Financial Committee (MFC) and the Money Market Committee (MMC). The role of these committees is explained in the BAM's Annual Report (page 161 of the 2020 Annual Report). • <i>Decision-making process.</i> Monetary policy decisions go through a formal process, according to a predetermined schedule. The website describes all aspects related to monetary policy decision making and implementation (see Principle 2-1-2 for details). The process followed for drafting the MPR is disclosed, as well as how the decisions of monetary policy are transmitted to the real economy (see Principle 2.1.3 for details). <p>The BAM has an articulated strategy for the practical implementation of its policy framework that is regularly communicated—including in the context of policy decisions. The above mentioned Monetary Policy section of the BAM's website provides comprehensive and detailed explanations of the monetary policy framework, as well as the decision-making process and of the key elements of the monetary policy implementation strategy (see Principle 2.1.3 for details).</p> <p>Since the launching of a plan to modernize monetary policy, the Annual Reports have discussed progress in establishing the building blocks for an inflation targeting (IT) framework, most notably with regard to the reform of the exchange rate regime, and the setting up of supporting Monetary Policy Analysis and Forecasting Frameworks, in the overall context of the Bank's 6th Strategic Plan covering the period 2019-2023. The Monetary Policy section of the Annual Report provides a summary of the BAM's assessment of the forecast performance with regard to inflation and growth projections.</p> <p>Short educational videos posted on the BAM's YouTube channel cover the key concepts related to price stability and the role of the BAM in that regard, as well as exchange rate regimes and the ongoing reform of the exchange rate regime in Morocco. This educational material discusses the current strategy for the implementation of the BAM's monetary policy framework, as well as the rationale for the ongoing reform in view of the adoption of an inflation targeting regime.</p>
Assessment	<i>Comprehensive</i>

	<p>The BAM publicly and clearly discloses on its website its monetary policy framework and strategy for achieving its price stability mandate. Disclosure also includes elaborations on the gradual transition to a flexible exchange rate regime, as well as progress accomplished. The BAM's strategy for the implementation of the monetary policy framework is also clearly explained to the public on the website, in the Annual Reports, and through educational videos.</p>
Comments	
Principle 2.1.2.	<p>Policy Decisions: The central bank discloses its monetary policy decisions in a timely manner and indicates how the decisions foster the achievement of its monetary policy objective(s). The central bank discloses the process by which policy decisions are taken, including with respect to the meeting calendar of its monetary policy decision-making bodies and their voting procedures.</p>
Description	<p>The BAM discloses in a timely manner the decisions regarding its policy instruments and the stance of monetary policy. At the end of the quarterly meeting of the Bank Board convened to discuss monetary policy and decide on the monetary policy stance, the BAM issues a press release (link) announcing the monetary policy decision and its underlying rationale. It also holds a press conference hosted by the Governor (link). A Monetary Policy Report (MPR) is also published on the Website on that day. These provisions are specified in the Board's Internal Regulation, also available on the Bank's website (Governance - Structure). The Bank's Annual Reports provide a summary discussion of monetary policy decisions over the course of the year, including a list of all policy decisions taken.</p> <p>Information on the composition and structure of the BAM's monetary policy decision-making body (i.e., the Board of the BAM) and process is publicly available on the BAM website (see also Principle 1.1). The same applies to the Monetary and Financial Committee (MFC) and the Money Market Committee (MMC), which contribute to preparing the monetary policy decision and its implementation.</p> <p>Monetary policy decisions go through a formal process, according to a predetermined schedule as follows:</p> <ul style="list-style-type: none"> • The process is initiated by the launch of a review and analyses of key economic, monetary and financial indicators by the BAM staff, leading to identifying the assumptions for the forecasting of the main macroeconomic aggregates, in particular inflation and growth, which are discussed and adopted at the pre-MFC meeting. All these inputs are included in a version of the MPR which is submitted to members of the MFC for review. • After taking into account all the remarks made by the MFC, the MPR is submitted to members of the BAM's Board for decision-making purposes. This document may be accompanied by other studies that address some aspects deemed useful for the monetary policy decision. • Implementation of the BAM's Board decisions aims at ensuring the steering and smooth functioning of the interbank market through the BAM's liquidity management operations, to ensure that the weighted average rate of the interbank market remains close to the BAM's policy rate. Keeping this target under control is the first step in the transmission of monetary policy decisions to other interest rates and the economy. <p>The annual calendar of Board meetings is published on the BAM's website.</p> <p>The BAM discloses an explanation of monetary policy decisions to support the price stability objective, as well as an account of policy deliberations within a reasonable amount of time. The press release issued at the end of the Bank's Board meeting and the quarterly MPR provide comprehensive explanations concerning monetary policy decisions. They analyse international and domestic economic and social developments, as well as the BAM's</p>

	<p>medium-term macroeconomic projections. These documents are published immediately after the Board meeting. The BAM organizes also a press conference held by the Governor at the end of the Board meetings convened to discuss and decide on monetary policy actions.</p> <p>The minutes of the BAM's Board meetings convened to discuss monetary policy are not published.</p> <p>While the MPR does not include references to forward guidance, in the Press Conferences convened to discuss monetary policy developments the Governor may provide information on the future stance of monetary policy.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM's monetary policy decisions are disclosed through a number of channels (Press Conference, Press Release, Monetary Policy Report) and timely (the day the BAM's Board meets according to a pre-set and disclosed calendar). These disclosures provide comprehensive explanations to substantiate the monetary policy decision, how the decisions are expected to foster achievement of the price stability mandate, as well as the process by which the decisions are taken. The absence of disclosure of the minutes of the BAM's Board meeting can limit the ability of stakeholders to fully understand the considerations supporting policy decisions.</p>
Comments	<p>Disclosure of the minutes of the BAM's Board meetings would enhance further transparency with regard to monetary policy decision making. As indicated in the self-review of the CBT code, the BAM is currently considering the opportunity to summarize the analyses and discussions underlying the monetary policy decision, based on the minutes of the Board.</p>
Principle 2.1.3.	<p>Supporting Analysis: The central bank discloses relevant economic information and supporting analysis that informs its monetary policy decisions.</p>
Description	<p>The BAM discloses on its website relevant economic data and analysis underlying monetary policy decisions:</p> <ul style="list-style-type: none"> • The weekly indicators and the Economic Review (monthly) which present the main economic and financial variables that are most relevant to its policy objectives. All publications can be downloaded in their entirety and free of charge from the BAM's website. The calendar of BAM's publications is also published in advance. • The MPR presents all the analyses underlying the BAM's monetary policy decisions. It provides an overview that summarizes recent economic, monetary, and financial developments as well as the macroeconomic projections. The MPR is divided into two parts: (i) The first part deals with recent economic developments (international developments, external accounts, monetary, credit and asset market, fiscal policy stance, demand, supply and labour market, and inflation); (ii) The second part is devoted to presenting the medium-term outlook for the national economy, the risks associated with it, and the main underlying assumptions. • The BAM's Annual Report provides a detailed summary of the material disclosed in the MPR regarding relevant economic data and analysis underlying monetary policy decisions, as well as a list of all policy decisions taken during the year. <p>The BAM discloses its macroeconomic forecasts, including for key economic and financial variables regarded as most relevant for achieving its policy objectives. The MPR is the main vehicle for disclosing the BAM's macroeconomic forecasts.</p> <p>The BAM discloses on its website the analytical framework of monetary policy designed to assess the risks weighing on price stability. It is structured around two pillars: the real pillar and the monetary pillar.</p> <ul style="list-style-type: none"> • The analysis of the real pillar is based on a thorough review of recent economic developments both internationally and nationally. It is initiated by indicators of the

	<p>international situation (growth, unemployment, inflation, etc.) and price developments in commodity markets which impact the current account and FX reserves and inflation. These analyses allow the projection of external accounts and the net international reserves (NIRs), which are of crucial importance for monetary policy decisions in Morocco, given the nature of its exchange rate regime and the fact that they represent the main factor affecting banking liquidity.</p> <ul style="list-style-type: none"> • Still at the level of the real pillar, on the domestic front, the analyses concern national accounts aggregates, wages, unemployment, capacity utilization rate, changes in fiscal policy, etc. These analyses, in prospective terms, enable to estimate the output gap and the capacity utilization rate, which represent the main indicators of inflationary pressures originating from the real sector. • Concerning the monetary and financial pillar, the analysis covers bank liquidity, interest rates, monetary aggregates, bank credit, etc. These developments allow measuring the monetary gap which is the main indicator of inflationary pressures emanating from the monetary sector. These analyses are complemented by a review of developments in the assets market, with a focus on the real estate market, the stock and debt markets, thus capturing the wealth effects of economic units and their impact on inflation. <p>The BAM discloses the key components of the models used for the forecasts that inform its policy decisions. The BAM publishes its forecast scheme and further clarifies it in the MPR. The forecasts are prepared by the BAM staff for an eight-quarter horizon on the basis of an integrated analysis and forecasting scheme articulated around a central monetary policy model, itself supplied and supplemented by satellite models. The central forecasting model used is the semi-structural New-Keynesian one, which relies both on the theoretical underpinnings underlying the general-equilibrium models and on adjustment to the data characterizing the empirical models. The inflation and growth projections are presented in the form of a fan chart that also assesses the uncertainties surrounding them. Likewise, a balance of risks is presented in the MPR.</p> <p>The structure, choices, and key components of the central forecasting model are described in a summary form in the BAM's website, and a detailed description is provided in the IMF Working Paper WP/18/27 prepared by a team of the BAM and IMF experts. A Box describing the latest methodological updates to the central forecasting model will be published in the BAM's 2021 Annual Report.</p> <p>The BAM discloses on its Website the information mechanism supporting its analytical framework of monetary policy. The mechanism is centred on a database of nearly 400,000 economic, monetary, and financial series that is regularly updated for a real-time monitoring of the economic situation. In addition to data produced by the BAM (monetary statistics, money market data, banking data and foreign exchange market data), the database contains statistics published by other institutions. These indicators are reinforced by data extracted from the BAM's surveys covering such areas as assessing the economic situation in the industrial sector, lending rates, lending conditions, inflation expectations.</p> <p>The BAM discloses scenario analysis in the MPR to help explain how its policy decisions foster attainment of its policy objectives as well as highlight risks to the outlook. The BAM's Working Paper 2021-No1 "The Morocco Policy Analysis Model: Theoretical and Policy Scenarios" describes the Morocco Policy Analysis Model (MOPAM), discloses the structure of the MOPAM that has been used since the 2010s to provide scenario analysis to policymakers.</p> <p>The BAM discloses on the section of the website "Documents méthodologiques et de référence" reference documents and studies presenting theoretical foundations and methodological and conceptual approaches of the analysis and forecasting tools it uses in the implementation of its missions including, as regards monetary policy, the methodology</p>
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	<p>used to elaborate the core inflation indicator, the indicator of real estate prices, and the list of the main data sources it uses for its forecasting exercises.</p> <p>From time to time, the BAM publishes in its Annual Reports or MPR analyses addressing topics that are relevant at a specific moment in time for the design and conduct of monetary policy. For instance, the 2020 Annual Report includes Boxes on the new consumer price index, the impact of the COVID-19 pandemic on inflation measurement, the new overnight benchmark monetary index, the assessment of the effective lower bound for interest rates in Morocco, assessing inflation and growth forecasts. With regard to the BAM's quarterly MPRs, the Q1-2022 MPR includes a Box on the evolution of inflation in 2021, the Q4-2021 MPR includes a Box which discusses recent acceleration in inflation in Morocco, the Q3-2021 MPR includes a Box on the return of inflationary pressures and central bank responses.</p> <p>The BAM discloses on its website its research program. Of particular relevance in view of the BAM's reform agenda with regard to the transition to a flexible exchange rate regime and adoption of an inflation targeting regime are the following public events during which were discussed the BAM's monetary policy making experience:</p> <ul style="list-style-type: none"> • <i>Journées Internationales de Macroéconomie et de Finance</i> jointly organized by the BAM, Université Cadi Ayyad, and UNI Basel, during which presentations were made by the BAM experts on the program of flexibilization of the exchange rate regime, and prospects for moving to inflation targeting. • Conference of the Africa Meeting of the Econometric Society co-organized by the BAM and held in July 2019 during which the BAM experts made presentations on several topics to share the BAM's experience. • Presentation on "Model-based monetary policy decision making" at the BAM at the January 2020 seminar organized by the <i>Academie Hassan II des Sciences et Techniques</i> in partnership with the BAM. <p>The BAM's current research program for the period 2019-2023 elaborated in the context of its five-year Strategic Plan covers monetary policy, macroeconomic modelling and simulation, financial stability, and public sector finances. The BAM publishes an annual "Lettre de la Recherche" providing a description of the BAM's research agenda over the year, including summary of articles, research conferences, and meetings with the research community.</p> <p>The BAM has been pro-active in sharing its experience in monetary policy formulation and implementation in the context of Peer-to-Peer events:</p> <ul style="list-style-type: none"> • High-level Peer-to-Peer regional Workshop organized by the BAM in 2015 on <i>Challenges to Monetary Policy in the MENA Region and Benefits of a Structured Policy Analysis Framework</i>, during which a presentation was made by the BAM experts on the BAM's Structured Approach to Policy Analysis in the BAM; and • Webinar "The Experience with FPAS in Sub-Saharan African Central Banks" organized in January 2022 by the Regional Technical Assistance Center for Southern Africa (Afritag South-AFS).
Assessment	<p><i>Comprehensive</i></p> <p>BASM discloses a comprehensive set of economic information relevant for monetary policy implementation, as well as supporting analysis most notably in the Quarterly MPR, and in a summary format in the Annual Report.</p> <p>The BAM has published the structure, choices, and key components of its central forecasting model <u>in a summary and didactic form on its website, and in a comprehensive format in a joint IMF-BAM Working Paper. The BAM has also published in a Working Paper the details of its model used to provide scenario analysis.</u></p>

	<p>Analysis addressing topics that are relevant at a specific moment in time for the design and conduct of monetary policy are also published.</p> <p>The BAM is pro-active in the dissemination of the tools utilized to generate the supporting analysis for the monetary policy decisions; it provides regular updates on the outcome of its research agenda; and it has organized or participated in research conferences on topics relevant for monetary policy.</p>
Comments	
Principle 2.2.	Cross-Border Financial Flows and Foreign Exchange Administration: The central bank is clear about its role in determining and implementing the policy on cross-border financial flows and foreign exchange administration. It discloses the objective(s), the legal and institutional frameworks it is acting under, its policy decisions, as well as the process by which policy decisions are taken.
Description	The Office des Changes, a public entity under the Ministry of Economy and Finance, is responsible for the definition, implementation, and enforcement of foreign exchange regulations, as well as the licensing and supervision of money changers.
Assessment	<i>Not Applicable</i>
Comments	The BAM's statutory responsibilities regarding the implementation of the exchange rate policy defined by the Government, as well as its related advisory role, are covered in the Monetary Policy, Foreign Exchange Management sections of the CBT (Pillars II, III, and IV), and in the relevant Transparency in Official Relations sections of the CBT (Pillar V).
Principle 2.3.	Foreign Exchange Management: The central bank clearly and publicly discloses its foreign exchange policy objectives, including the hierarchy of objectives and the operational framework and instruments of foreign exchange interventions.
Principle 2.3.1	Objectives and Framework: The central bank discloses its policy objectives and legal, operational, and institutional frameworks, consistent with the chosen foreign exchange regime.
Description	<p>To achieve its objective of price stability set forth in Article 12 of the BAM Law, the BAM implements foreign exchange policy as part of the foreign exchange regime and guidelines established by the government based on the BAM's opinion (Article 11 of the BAM's Law). There is no disclosure on the processes for the fulfillment of the BAM's advisory role in matters related to Morocco's foreign exchange regime.</p> <p>The <i>Office des Changes</i>, a public entity under the Ministry of Economy and Finance, is responsible for the definition, implementation, and enforcement of foreign exchange regulations, as well as the licensing and supervision of money changers.</p> <p>The section of the website dedicated to the ongoing reform of the foreign exchange regime describes Morocco's current exchange rate peg to a disclosed basket of currencies), and explains the role of the exchange rate in the monetary policy strategy of the BAM. It also explains the rationale for the reforms of the FX market that have been undertaken by the BAM since the launch, in January 2018, of the transition from a fixed exchange rate regime to a more flexible one announced by the monetary authorities (MoF and the BAM) in view of the adoption of an inflation targeting regime by the BAM. Several stakeholders met by the mission have indicated their perception that the respective role of the MoF, the <i>Office des Changes</i> and the BAM may not be well understood by the public, including the nature and scope of the advisory role of the BAM with regard to the foreign exchange regime of Morocco.</p> <p>The legal and operational framework governing the BAM's interventions on the foreign exchange market is published on the website. The terms and conditions regulating the BAM's FX interventions in the domestic FX market (instruments, platform, etc.) are defined in the Governor's Decision D.N.01/W/18 relating to the implementation of the FX regime, and</p>

	<p>Circular relating to FX auctions (LC/BKAM/2018/1). These documents are available on the BAM's website.</p> <p>The IMF's Annual Report on Exchange Arrangements and Exchange Restrictions for Morocco provides also a comprehensive description of the exchange rate regime as well as the modalities of the BAM's FX interventions in the context of the current monetary policy framework of an exchange rate anchor vis-à-vis a composition comprising the euro and the US dollar, with weights of 60 percent and 40 percent, respectively.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM discloses the objective of its FX interventions in the context of the FX regime defined by the Government. The BAM's published regulations describes the operational and institutional frameworks that are utilized to achieve the policy objectives of the FX interventions. The BAM discloses information on the ongoing reform of the FX regime, as well as the measures the BAM has taken to reform the domestic FX market in support of the transition to a flexible exchange rate regime.</p> <p>There is no disclosure on the processes that may be in place for the fulfillment of the BAM's advisory role in matters related to Morocco's foreign exchange regime.</p>
Comments	<p>In order to enhance the accessibility of information already disclosed by the BAM, transparency of the BAM's action in the area of foreign exchange management would be enhanced by additional educational disclosures to explain the respective role of the MoF, the <i>Office des Changes</i> and the BAM. This could be achieved by creating a section of the website dedicated to the <i>actual</i> design and implementation of foreign exchange policy, to supplement the information already provided on the reform of the exchange regime. In the meantime, this information could be included in the section of the website dedicated to the reform of the exchange rate regime.</p> <p>In order to help stakeholders appreciate the BAM's actions in a capacity of advisor to the government in matter of FX policy, and better disentangle them from those taken to fulfil statutory responsibilities, consideration could also be given to disclosing elements of the BAM's advice relevant to the public, in particular during the course of implementation of the ongoing reform of Morocco's exchange rate regime. In that regard, clarifying that the annual letter sent by the BAM to the Minister of Economy and Finance established in the "Charte de Gouvernance de Bank-Al Maghrib" covers also issues related to the BAM's advisory role with regard to Morocco's foreign exchange regime would be useful, as would be the disclosure of key elements of the letter in that domain.</p> <p>See also Principle 5.1.2 for a description and review of the BAM's official relations with the government and domestic financial agencies in relation to the BAM's advisory role with regard to Morocco's foreign exchange regime.</p>
Principle 2.3.2.	<p>Policy Decisions: The central bank discloses its decision-making process, including the rationale for foreign exchange management instruments, and the means and methods of reaching a decision. The potential impact of its policy decisions is explained in a timely manner.</p>
Description	<p>Given the legal framework in place whereby the BAM's mandate with regard to foreign exchange management is circumscribed to the implementation of Morocco's foreign exchange policy, the BAM's decision-making process deals only with its FX interventions in the domestic FX market aimed at maintaining the level of the exchange rate within the disclosed bands. This framework is clearly disclosed:</p> <ul style="list-style-type: none"> • In the BAM's website, in the section of the website "Reform of the Exchange Rate Regime." The French version of that section also includes a link to related BAM's regulations, as well as the Presentation of BAM's governor to Parliament at the time of the announcement of the reform, in January 2018.

	<ul style="list-style-type: none"> In the BAM's Annual Report (i.e., page 160 in the 2020 Annual Report), where the role of the BAM's internal Monetary and Financial Committee (MFC) is briefly described (i.e., monitoring of the FX market and approval of the FX intervention budget). <p>Prior to the launch of a FX auction, the BAM discloses on the website, Reuters, Bloomberg the features of the FX intervention. In addition, the Press Release issued on September 17, 2021 (prior to the FX intervention planned for September 20, 2021) indicated that the FX auction aimed at mopping up excess liquidity in the FX market so as to ensure its smooth functioning. Prior FX auctions have not always been preceded by such a Press Release.</p> <p>In view of Morocco's fixed exchange rate regime, which limits the room for discretion in FX interventions, the impact of the BAM's FXI on monetary policy implementation is felt on the banks' liquidity conditions via changes in the autonomous factors of liquidity. The BAM discloses related information as follows:</p> <ul style="list-style-type: none"> The section of the Q3-2021, Q4-2021 and Q1-2022 MPRs focusing on monetary conditions analyse the impact of FXI on the banks' FX position. Chapter 3 of the Annual Report typically discusses the evolution of the autonomous factors of liquidity (in particular changes in the BAM's international reserves). <p>Chapter V of the BAM's Monthly Economic, Monetary and Financial Bulletin (only available in French in the recent period) also includes a brief description of the evolution of the autonomous factors of liquidity.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM discloses in broad terms the decision-making framework associated to FXI.</p> <p>The activation of the main FXI instrument (FX auctions) is clearly disclosed and has recently been associated with a Press release which reiterates the objective of the BAM's FXI in view of the fixed exchange rate regime.</p> <p>The potential impact of FXI in view of the current fixed exchange rate regime is also disclosed.</p>
Comments	<p>Additional disclosure regarding the role of the MFC in monitoring the FX market and approving the intervention budget would enhance accessibility of the BAM's current disclosures in this regard, as would additional disclosures to indicate that the interaction between FXI and monetary policy lies in defending the fluctuation band within the intervention budget.</p> <p>This could be achieved by including this information in a section of the website dedicated to the <i>actual</i> design and implementation of FX policy, to supplement the information already provided on the reform of the exchange regime. In the meantime, as indicated in the BAM's self-review of the CBT code, this information could be included in the section of the website dedicated to the reform of the exchange rate regime (see also Principle 2.3.1).</p>
Principle 2.3.3.	Supporting Analysis: The central bank discloses its assumptions, transmission channels, and analysis backing the intervention policy decisions, as well as ex-post evaluation of economic impact.
Description	<p>The BAM maintains a stable exchange rate against a disclosed basket of currencies within a disclosed fluctuation band of bid-ask exchange rates (currently set at 2.5 percent) determined by the Ministry of Economy and Finance around a central rate determined by the BAM on the basis of the above mentioned basket of currencies (see Governor's Decision D.N.01/W/18).</p> <p>The objective of the BAM's FXI is to ensure that the exchange rate remain within the fluctuation bank and to support the liquidity of the FX market (see Communique of the MoF</p>

	<p>published in the BAM's website). Progress on the reform of the foreign exchange regime is provided by the BAM on its website.</p> <p>The BAM provides an overview of the domestic FX market as an integral component of its Annual Reports. They provide an overview of the evolution of the BAM's international reserves over the period under review.</p> <p>Short educational videos covering the key concepts of exchange rate regimes and the reform of the exchange rate regime in Morocco are posted in the BAM website, with reference to the link between monetary and FX policies. These videos explain the rationale for the ongoing reform of the exchange rate regime for Morocco jointly designed by the Ministry of Economy and Finance (MEF) and the BAM, the respective roles of the BAM and MEF, and the steps for the reform to reach a flexible exchange rate regime.</p> <p>The press releases issued prior to launching a FX auction indicated the reason for the FX intervention. For instance the Press Release issued on September 17, 2021 (prior to the FX intervention planned for September 20, 2021) indicated that the FX auction aimed at mopping up excess liquidity in the FX market so as to ensure its smooth functioning. Prior FX auctions have not always been preceded by a Press Release.</p> <p>The BAM's FX Interventions in the foreign exchange market are also discussed at the press conferences held by the Governor after each meeting of the BAM's Board (recording of the press conferences are available on the Bank's YouTube channel).</p> <p>In view of Morocco's fixed exchange rate regime, whereby the BAM's FX interventions aim at maintaining the level of the exchange rate within the disclosed bands, the economic impact of the BAM's changes in its international reserves (which cumulate the impact of the BAM's discretionary FXI on the domestic FX market, as well as the impact of the BAM's FX operations for the government) is felt on the banks' liquidity conditions (see also Principle 2.3.2 for additional references on the interaction of FX interventions and monetary policy captured by the analysis of the autonomous factors of liquidity). Ex post evaluations of this economic impact is disclosed in the section of the Q4-2021 MPR focusing on monetary conditions in the context of the analysis of the impact of the BAM's FXI on the banks' FX position. However, the BAM's disclosures do not allow to distinguish the BAM's discretionary FXI on the domestic FX market from those FX operations for the government.</p>
Assessment	<p><i>Expanded</i></p> <p>In view of the current fixed exchange rate regime, the BAM's decision to activate FXI in response to domestic FX market developments are appropriately disclosed and well understood by market participants.</p> <p>While information is disclosed on the impact of changes in the autonomous factors on banks' liquidity, the absence of disclosures regarding the BAM's FX operations for the government does not allow stakeholders to appreciate the impact of the BAM's discretionary FXI on overall liquidity and money market conditions.</p>
Comments	<p>Disclosure of the BAM's FX operations for the government would enhance transparency as they would allow stakeholders to better and more directly disentangle the impact on domestic liquidity conditions of the BAM's discretionary FXI from the FX operations it undertakes for the government. This would also allow the BAM to disclose better informed ex-post evaluations of the economic impact of the FXI.</p>
Principle 2.4.	Foreign Exchange Reserve Management: The central bank discloses its policy objectives for foreign exchange reserve management, along with key considerations behind the policy, details on how oversight responsibility is allocated, and the potential impact of the policy.
Principle 2.4.1.	Objectives and Framework: The central bank discloses broad investment objectives, operative models, how it allocates oversight responsibility, and the institutional framework of its policy decisions.

Description	<p>As per Article 12 of the law n° 40-17 on the Statutes of the Bank, the management of FX reserves is defined as a fundamental mission. The Bank exercises the general mandate of holding and managing the country's foreign exchange reserves. The Bank may delegate the management of part of the foreign exchange reserves to agents under the conditions set by it.</p> <p>In the 2020 annual report, the BAM discloses the following elements:</p> <ul style="list-style-type: none"> • The broad objectives of FX reserves management namely security, liquidity and performance (P.167). • The governance bodies involved in the investment management as per the following: the Bank Board validates, each year, the foreign exchange reserve investment policy and risk tolerances. It also approves the investment sphere and the strategic asset allocation. The Monetary and Financial Committee (MFC) carries out a monthly and as needed supervision of the strategic allocation implementation and validates the management strategy. It also examines changes in reserve management financial risk indicators. Finally, the Audit Committee examines the annual changes in the Bank's financial and operational risks (P.217-219). • The classification and sizes of the different portfolios (Transaction Portfolio, Investment Portfolio, Portfolio of securities held for sale, and Other Foreign Assets (P.214-215 & P.221)). • The broad financial risk categories i.e., credit, market and liquidity risks (P.217). • The average rating (P. 218) and overall duration of the portfolios (P.219). <p>Moreover, Article 12 of the law no 40-17 stipulates that the Bank may use the foreign exchange reserves with the aim of preserving the value of the dirham, if the regime and the foreign exchange guidelines adopted allow it and after consultation with the government authority in charge of finance. In the FY2020 annual report, it is also mentioned that the management of the liquidity risk of foreign exchange reserves aims to meet the financing needs of the country's balance of payments over a one- year horizon and to maintain a level of liquid reserves capable of absorbing shocks in times of crisis or when access external funding is restricted.</p> <p>In the 2020 annual report, under the credit risk management, it is mentioned that the BAM applies and monitors limits on credit rating, asset category, country risk, issuer risk and counterparty risk (P.218).</p>
Assessment	<p><i>Core</i></p> <p>The BAM discloses its broad objectives, broad risk exposure metrics (credit and market) and governance with oversight responsibility. It discloses how policy decisions interact with the key objective of liquidity as well as with the Bank's Exchange Rate policy. However, the annual foreign exchange investment policy is not disclosed. There are no specific references to investment constraints neither.</p>
Comments	<p>The BAM could consider creating a specific section on FX Reserves Management on its website, whereby it explains the framework, policy objectives, investment and risk constraints, or benchmarks along with the framework for oversight responsibility.</p>
Principle 2.4.2.	<p>Policy Decisions: The central bank discloses key elements of policy formulation, related risk exposures, instruments, decision-making hierarchy, and the oversight allocation process.</p>
Description	<p>The 2020 annual report mentions that the reserve holding and management purposes, investment principles, asset class limits, and issuer and counterparty eligibility and concentration rules are set out in an investment guidelines, while portfolio benchmarks and their management method are defined in the strategic allocation decided by the Bank's Board (P.217).</p>

	<p>A intra-departmental Risk Committee, within the entity in charge of monetary and foreign exchange transactions, ensures compliance with the investment guidelines and examines the evolution of risks and performance before their presentation to the Risks and Compliance Committee and to the Monetary and Financial Committee (P.167).</p> <p>The BAM disclose in the 2020 annual report, the size of the reserves' liquid tranches (precautionary reserves and excess reserves) (P.219).</p>
Assessment	<p><i>Core</i></p> <p>The BAM discloses its decision-making structure to reach its investment and risk decisions. However, neither the investment directive nor the strategic allocation framework are disclosed. Moreover, the methods to reach its investment and risk decisions are not disclosed.</p>
Comments	<p>The BAM could enhance its transparency by disclosing:</p> <ul style="list-style-type: none"> • The key elements of policy formulation, related risk exposures, and decision-making hierarchy; • The process to determine size of portfolio tranches aimed at meeting the key objectives of holding the foreign exchange reserves with their constraints; and • The process and methods for assessing the risk-return performance that is consistent with the strategic positioning of each portfolio (versus Benchmark).
Principle 2.4.3.	Supporting Analysis: The central bank discloses the key assumptions and assessment process related to its policy decisions.
Description	Supporting analysis is not published.
Assessment	<i>Not implemented</i>
Comments	The BAM could consider implementing this principle by disclosing the rationale and economic analysis backing its strategic investment and risk decisions. It can also consider disclosing the tactical deviations and active management positions undertaken in order to outperform the return of the reference benchmarks.
Principle 2.5.	Macroprudential: The objectives, decision-making process, and instruments of macroprudential policy are clearly communicated to the public. Indicators and supporting analysis to assess the need for macroprudential measures are disclosed alongside policy decisions.
Principle 2.5.1.	Objectives and Framework: The central bank discloses its macroprudential policy framework, including its objectives, instruments, and strategy for achieving its objectives.
Description	<p>The Bank Al-Maghrib has a section of its website specifically devoted to financial stability (https://www.bkam.ma/Stabilite-financiere/Presentation/Stabilite-financiere), which discloses the conceptual framework for macroprudential policy, including sections on the institutional framework, consisting of, inter alia the Financial Stability Committee internal to the Bank (FSC—https://www.bkam.ma/Stabilite-financiere/Cadre-institutionnel/Comite-de-stabilite-financiere) and the inter-agency Systemic Risk Coordination and Monitoring Committee (CCSR—https://www.bkam.ma/Stabilite-financiere/Cadre-institutionnel/Comite-de-coordination-et-de-surveillance-des-risques-systemiques), which comprises, next to the Bank Al-Maghrib, the insurance and pensions authority ACAPS (www.acaps.ma) and the capital markets authority AMMC (www.ammc.ma). It also has details on the analytical framework (including systemic risk mapping and stress tests). The general framework is disclosed in a summary and easily accessible technical note (https://www.bkam.ma/Stabilite-financiere/Publications/Fiche-technique-sur-la-stabilite-financiere-2015).</p> <p>The website has links to important periodic documents on macroprudential policies, including the annual Financial Stability Report (FSR) (<a 585="" 834="" 936="" 954"="" data-label="Page-Footer" href="https://www.bkam.ma/Stabilite-</p> </td> </tr> </table> </div> <div data-bbox=">INTERNATIONAL MONETARY FUND</p>

	<p>financiere/Publications/Rapport-sur-la-stabilite-financiere) and the press releases of the CCSRS (https://www.bkam.ma/Communiqués/Communiqué/2021/Quatorzieme-reunion-du-comite-de-coordination-et-de-surveillance-des-risques-systemiques).</p> <p>The macroprudential policy strategy is comprehensively elaborated yearly in the FSR, where it explains, in specific sections and boxes, the (intermediate) objectives as well as the conceptual and informational framework behind introducing and implementing macroprudential instruments, particularly in Chapter 3 dedicated to the robustness of financial institutions. The treatment in the FSR takes into account, inter alia, the working papers published by the Bank, such as the one on frameworks for financial stability analysis and macroprudential policy published in 2016 (#2): https://www.bkam.ma/Publications-statistiques-et-recherche/Recherche2/Documents-de-travail/2016.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The Bank has a comprehensive, articulated published description for the structure and implementation of its macroprudential policy framework, which is easily accessible on its website. Its policy strategy is also explained in detail in the yearly published FSR, where it integrates its description of the strategy with a detailed disclosure of the macroprudential instruments at its disposal, as well as an explanation of any changes in policy.</p>
Comments	
Principle 2.5.2.	Policy Decisions: The central bank publicly announces its macroprudential policy decisions in a timely manner, and discloses the decision-making process leading up to macroprudential action.
Description	<p>Macroprudential policy decisions are coordinated in the CCSRS, the mandate of which is established in the Banking Law 103-12, articles 108 and 110 https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Loi-bancaire), with its composition and operating procedures set out in Decree No. 2-17-32 of 14 September 2017, published in the Official Gazette on 16 November 2017 (https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Loi-bancaire, page 1290). The Decree particularly defines the decision-making process for endorsing the macro-prudential recommendations of the Committee, to be implemented by its member entities. The decree also stipulates that the Committee is responsible for monitoring implementation of these recommendations among its members, in accordance with the "Comply or Explain" principle. A press release assessing the situation of the domestic financial sector and the related systemic risks is issued after each biannual meeting of the Committee. The future meeting dates of the CCSRS are disclosed on the Bank's website (https://www.bkam.ma/Medias).</p> <p>As for the macroprudential policies implemented by the Bank Al-Maghrib, their dissemination follows a multi-pronged approach, depending on the hierarchy of the decision:</p> <ul style="list-style-type: none"> • A Governor's Decision, for example on the expansion of assets eligible for refinance operations—taken partly to mitigate systemic risk at the onset of the COVID-19 pandemic (Decision 80/W/20), followed by a circular to banks with operational details (Lettre Circulaire LC/BKAM/2020/8). Both are published under the Prudential Regulation section of the website: https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Activite-des-etablisements-de-credit-et-assimiles/Reglementation-prudentielle. • A press release following a Board decision, for example for the freeing up of banks' required reserves (https://www.bkam.ma/Politique-monnaire/Cadre-strategique/Decision-de-la-politique-monnaire/Communiqués-de-presse). • A stand-alone circular to banks, for example upon the introduction of the countercyclical capital buffer in June 2016 (Circular 1/W/16, also published under

	<p>https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Activite-des-etablissements-de-credit-et-assimiles/Reglementation-prudentielle).</p> <p>In addition, the annual FSR discusses for the main macroprudential instruments the policy background for their current levels and motivation for changes or the maintenance of previous levels.</p>
Assessment	<p><i>Expanded</i></p> <p>The Bank Al-Maghrib announces the introduction of or adjustments to macro prudential tools publicly in a timely manner through press releases and circulars to banks. It gives due consideration given to frontloading issues, for example, the circular establishing the countercyclical capital buffer provides for a 12-month implementation window for any changes in its level. It discloses information on the composition and structure of the CCSRS and its upcoming meeting schedule. Press releases are published after each meeting.</p> <p>The annual FSR provides a detailed explanation of the rationale and benefits of recent macroprudential policy decisions in the context of macroprudential policy objectives. Rationale for the absence of policy action is disclosed in specific cases.</p> <p>However, while the framework for policy decisions is spelled out in the Decree No. 2-17-32, information on policy deliberations of the CCSRS (as the institution with the main macroprudential policy mandate) is limited. Its press releases are mostly descriptive, with a global assessment of developments and risks in the financial sector, without disclosure of on what basis specific policy decisions about the level of its macro prudential policy tools were taken.</p>
Comments	<p>Stakeholders generally expressed satisfaction with the manner in which policy decisions are being communicated by Bank Al-Maghrib.</p> <p>To achieve a comprehensive level of transparency about macroprudential policy decisions, the authorities could consider publication within a reasonable time period of minutes of the policy deliberations of the CCSRS, perhaps redacted to avoid any market-sensitive issues, or as a first step, disclose the main discussions and debates in the committee. This could also serve to indirectly enhance transparency about the work of the Financial Stability Committee internal to the Bank Al-Maghrib, which reports to the CCSRS, as well as sub-committees of the CCSRS.</p>
Principle 2.5.3.	<p>Supporting Analysis: The central bank discloses the key indicators and analyses used to assess the need for macroprudential measures. It explains the rationale and the expected transmission channels of policy instruments in achieving their objectives.</p>
Description	<p>In coordination with the other financial regulators that are members of the CCSRS the Bank Al-Maghrib publishes an annual Financial Stability Report that assesses developments and risks in the financial sector (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere). It provides information and analysis on international and domestic macroeconomic developments, the financial position of non-financial agents (households and non-financial companies), the robustness of financial institutions, and developments in the capital market and financial market infrastructure.</p> <p>Since the 2017 edition, the FSR includes a section on macro prudential policy and instruments, which explains in detail how such instruments are intended to mitigate risk, along with their calibration methodology and related analytical indicators.</p> <p>Since 2018, the FSR discusses (see Box 11 in the 2020 edition) the development and use of a financial stability index for the Moroccan financial sector. Such an index has also been the subject of a working paper published in December 2020 (#2): https://www.bkam.ma/Publications-statistiques-et-recherche/Recherche2/Documents-de-travail/2020.</p>

	<p>The Bank Al-Maghrib produces financial soundness indicators according to the IMF's recommended core set, which is published annually in an annex to the Annual Report on Banking Supervision (https://www.bkam.ma/fr/Supervision-bancaire/Indicateurs-et-publications/Rapport-annuel-sur-la-supervision-bancaire).</p> <p>The general outcome of the various stress tests carried out by the Bank Al-Maghrib, including top-down stress tests for the banking system, an interbank contagion stress test, and a stress test of contagion between banks and insurance companies, is disclosed in the FSR.</p>
Assessment	<p><i>Expanded</i></p> <p>The annual Financial Stability Report appropriately analyses financial stability issues and discloses how macroprudential tools are expected to mitigate these risks. The FSR discloses the general design and results of periodic stress tests and developments in a financial stability indicator for the Moroccan financial sector and explains how they relate to the need for macro prudential policy action.</p>
Comments	<p>Stakeholders generally felt the rationale for policy decisions was well disclosed in the annual FSR.</p> <p>To achieve a comprehensive level of transparency about supporting analysis for macroprudential policy, the authorities could consider:</p> <ul style="list-style-type: none"> • Publication of quarterly financial soundness indicators directly in the financial stability section of the website. • Publication of ex-post evaluations of policy actions that examine whether tools had the intended effects, once such evaluations are available.
Principle 2.6.	Microprudential Supervision: Selected principles from BCP, ICP, and IOSCO.
Description	
Assessment	<i>Not Applicable</i>
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 2.7.	Emergency Liquidity Assistance: The central bank discloses the scope and objectives of emergency liquidity assistance, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Description	<p>Article 67 of the BAM Law has introduced the legal framework for the discretionary granting of emergency liquidity assistance (ELA), in line with the BAM's new mission of contributing to financial stability. The BAM's Law states that:</p> <ul style="list-style-type: none"> • ELA may be granted to a credit institution that is experiencing temporary liquidity problems without raising concerns in terms of its creditworthiness. • ELA may be granted to a credit institution that is experiencing liquidity difficulties where there are doubts about its creditworthiness, subject to having the government guarantee in order to cover these operations. • For each case, the BAM determines the amount of liquidity, conditions, and procedures for granting the ELA. • The conditions for granting the government guarantee are set by regulation. • In special situations the BAM may grant advances to the deposit guarantee funds to enable them to reimburse depositors.

	<p>A draft the BAM Instruction setting out the conditions and modalities governing the BAM's implementation of Article 67 of the BAM Law has been drawn up. This internal document will replace Instruction No. 24/G/13 in place since 2013 (see Technical Note: Crisis Management, Bank Resolution, and Financial Sector Safety Nets prepared and published in the context of the 2015 FSAP for Morocco). The fear of creating moral hazard has justified the limited transparency regarding the BAM's ELA framework.</p> <p>The BAM's Instruction will be completed by a decree (a public document) currently being finalised by the Treasury and External Finance Directorate, regarding the conditions for granting State guarantees to institutions suffering from liquidity difficulties and presenting doubts as to their solvency. This document, as is the case for any decree, will be published.</p>
Assessment	<p><i>Core</i></p> <p>The legal framework and broad features for the provision of ELA are established in the BAM Law.</p>
Comments	Transparency of the scope and objectives of the ELA framework would be enhanced by the disclosure of the operational framework.
Principle 2.8.	Resolution: Selected principles from KA.
Description	
Assessment	<i>Not Applicable</i>
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 2.9.	Financial Market Infrastructures: Selected principles from PFMI.
Description	
Assessment	Not Applicable
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 2.10.	Financial Integrity: The central bank discloses its policies and powers for Anti-Money Laundering/Countering the Financing of Terrorism supervision, and a description of its internal control framework relating to the activities or services that may give rise to Money Laundering/Terrorist Financing risk.
Description	<p>AML/CFT Supervisory Policies and Powers</p> <p>The BAM discloses information on its AML/CFT supervisory powers on its website, as well as very general information on its AML/CFT supervisory policies and related guidance. The BAM is the AML/CFT supervisory authority for Morocco's banking sector, under the provisions of Law No. 43-05 and Law No. 103-12 ('Supervision Bancaire - Contrôle micro-prudentiel - Intégrité Financière - Rôle de Bank Al-Maghrib dans le cadre du dispositif LBC-FT' (https://www.bkam.ma/Supervision-bancaire/Contrôle-micro-prudentiel/Intégrité-financière/Rôle-de-bank-al-maghrib-dans-le-cadre-du-dispositif-lbc-ft): "Law 43-05 on the fight against money laundering established the role of Bank Al-Maghrib as the supervisory authority of the banking sector in the fight against money laundering and the financing of terrorism. It conferred on it the power to ensure compliance by the taxable persons subject to its control with the provisions of the aforementioned Law 43-05 and to set the methods of application of the related obligations. Law No. 103-12 relating to credit institutions and similar bodies (articles 96 and 97) enshrines the Bank's mission in terms of defining the terms of application of the legal framework in terms of AML/CFT and control of its</p>

<p>implementation.” The webpage also provides the links to related regulatory texts published, including circulars and directives issued by the BAM, applicable to its supervised institutions.</p> <p>The BAM publishes Law 43-05 and additional information on implementing texts under ‘Accueil - Supervision Bancaire - Contrôle micro-prudentiel - Intégrité Financière - Cadre légal et réglementaire’ (https://www.bkam.ma/Supervision-bancaire/Controle-micro-prudentiel/Integrite-financiere/Cadre-legal-et-reglementaire). A revision to Law 103-12 is published as well (https://www.bkam.ma/fr/content/download/746515/8468377/Dahir%20n%C2%B01-20-74%20du%2025%20juillet%202020%20portant%20promulgation%20de%20la%20loi%20n%C2%B044-20%20modifiant%20et%20compl%C3%A9tant%20la%20loi%20n%C2%B0103-12.pdf).</p> <p>With regards to policy consultation with the private sector, the above-mentioned webpage ‘Rôle de Bank Al-Maghrib dans le cadre du dispositif LBC-FT’ discloses that “these texts are preceded, before their publication, by a consultation phase, in particular with the [credit institutions and similar organizations; ECOA] via their professional associations as well as with the ANRF, AMMC, ACAPS and the Office des Changes”. In addition, the BAM explained that after supervised credit institutions are consulted for feedback, draft texts are submitted for opinion to the Credit Institutions Committee, which also consists of the presidents of the professional associations of the banking sector.</p> <p>The BAM’s website contains an additional AML/CFT webpage ‘Anti-Money Laundering’ (https://www.bkam.ma/Trouvez-l-information-concernant/Lutte-contre-le-blanchiment-des-capitaux), which provides general information on some of the BAM’s AML/CFT-related activities, such as the upgrading of its internal AML/CFT regulations to bring them into compliance with the FATF standards and reflect national legal, regulatory, and technical requirements.</p> <p>AML/CFT Internal Control Framework</p> <p>The BAM discloses general information on its internal AML/CFT control framework under the provisions of Law No. 43-05 and Law No. 103-12 (https://www.bkam.ma/Trouvez-l-information-concernant/Dispositif-interne-de-lbc-ft). According to this information, the BAM created in 2007 “an internal “compliance & financial security” function, organized under the Legal Department, which ensures the proper deployment of the internal policy in this area and its regular updating.”</p> <p>The website provides an overview of the organization of AML/CFT internal controls between Central AML/CFT Department and of an internal AML/CFT Prevention Committee set up in 2012, “based on a division of responsibilities between the Central AML/CFT Department as the core of the system, and the relays at the level of BANK AL-MAGHRIB’s network (branches and agencies) and its central entity in charge of monetary operations.”</p> <p>The BAM’s public organizational chart (https://www.bkam.ma/A-propos/Organisation/Organigramme) displays the compliance function ‘Service Central de Lutte Contre le Blanchiment de Capitaux’ when clicking on the Legal Department function.</p> <p>With regards to independent auditing of AML/CFT internal control policies, the BAM explained that the bank’s Internal Audit and Risk Management Department assesses “the appropriateness of subjecting the AML/CFT internal system to an internal or external audit and the publication of the results and recommendations of these audit missions.” The 2020 Annual Report (p. 173; https://www.bkam.ma/Publications-statistiques-et-recherche/Publications-institutionnelles/Rapport-annuel-presente-a-sm-le-roi) contains an overview of the areas covered by the internal audit process in that given year, which included banking supervision overall for 2020. The BAM explained that the last AML/CFT audit was conducted in 2021-22, but the BAM does not disclose information about the existence of audits specifically of AML/CFT internal control policies and transmission of results to the</p>

	Governor and the Legal Affairs Division. The BAM explained that confidentiality is applied according to the Bank's Information Security Policy.
Assessment	<p><i>Core</i></p> <p>The BAM discloses information on its AML/CFT supervisory powers as well as very general information on its AML/CFT supervisory policies and related guidance. The BAM also discloses information on the revisions of supervisory policies in consultation with the private sector.</p> <p>The BAM discloses information on its internal AML/CFT control framework.</p>
Comments	With regards to its AML/CFT internal control policies, the BAM could disclose information on whether independent audits are performed and whether results are presented to the Board at regular intervals.
Principle 2.11.	Consumer Protection: The central bank discloses its policies relating to consumer protection, conducted solely or jointly with other agencies.
Description	<p>The organizational chart of the Consumer Protection Department is published in the Financial Supervision Report. Description of the functions of the Department are explained and published in the central bank website. The scope of the consumer protection function covers all types of financial institutions in Morocco. The whole list of banks and financial institutions is disclosed in the Financial Supervision Report, and published in the central bank website. The consumer protection function is part of the Strategique Plan 2019-2023. Consumer protection is also an important component of the National Financial Inclusion Strategie.</p> <p>Law n°103-12 relating to credit institutions and similar entities and law n°31-08 enacting consumer protection measures, establish the legal framework which grants the BAM powers related to the protection of credit institutions' customers.</p> <p>The BAM's functions on consumer protection are the following:</p> <ul style="list-style-type: none"> • Issuing regulatory standards in this area and monitoring their implementation by credit institutions. • To ensure that credit institutions and similar entities comply with the provisions of the law and regulations in force with respect to customer protection, the BAM has conducted, since 2016, thematic on-site inspections on market practices and ensures a close monitoring of these practices. • The BAM is also responsible for handling complaints filed by customers of credit institutions. <p>The legislative and regulatory texts setting out the BAM's consumer protection policies are published in the Official Gazette and on the Bank's website. These include policies relating to:</p> <ul style="list-style-type: none"> • Disclosure and transparency measures for financial institutions. • Fair treatment and business conduct. • Settlement of disputes between credit institutions and similar entities and their customers. <p>The BAM has published several pedagogical guides to inform the public about the procedures for handling customer complaints, banking mobility and the issuance of discharges on bank guarantees.</p>

The BAM's regulatory power on Disclosure of measures and transparency of financial institutions and framework regarding fair treatment and business conduct

The Bank's website gives an explanation of the measures that have been put in place to protect the consumer and provides the remedies available in the event of non-compliance with certain provisions of the Banking Law by credit institutions.

There are other channels to communicate and disclose rules, procedures, policies to financial institutions and the public at large, like the following links.

<https://www.bkam.ma/>

<https://fr.linkedin.com/company/bank-al-maghrib>

<https://youtube.com/c/BankAlMaghribBKAM>

<https://twitter.com/BankAlMaghrib>

[https://fr-fr.facebook.com > bkam](https://fr-fr.facebook.com/bkam)

Data Protection Agreement

The BAM and the National Commission for the Protection of Personal Data (CNDP) are jointly working to ensure that credit institutions and similar entities comply with the provisions of Law 09-08 on the protection of individuals with respect to the processing of personal data. A cooperation agreement between the BAM and the CNDP was concluded in 2013 to reinforce coordination between the two authorities in this regard.

Grievance Mechanism

The complaints handling system provides for a hierarchy of competencies to attend the claim: First the processing should be carried out by the credit institution. Then goes to the banking mediation center for an amicable resolution of disputes, <https://cmmb.ma/Finally> the BAM as a last resort can review the complaints that were not satisfied by the corresponding credit institution or the mediator.

This procedure is explained through different communication channels put in place for the benefit of the general public. There are also educational capsules that explain the claims [process in Arabic](#). There are publications, [educational pamphlets](#) that allows easy understanding of the claim's procedure.

Also, and within the framework of the reinforcement of the role of the Mediation Center (CMMB), the BAM transfers certain complaints received for banking mediation and this in accordance with a modus operandi agreed between the two entities which determines the nature and the typology of the complaints eligible for the treatment by the mediation center. Complainants are also informed of this transfer by the CMMB and adherence to this process is optional and free.

The BAM tries to raise awareness of customers by organizing communication actions that target sensitive topics. Nevertheless, credit institutions remain responsible vis-à-vis their customers regarding the obligation to advise the client regarding contractual commitments and financial transactions.

Financial Education for the Financial Consumer

The BAM has a financial education strategy that includes consumer protection among its priorities. This strategy is carried out within the [framework of the Moroccan Foundation for Financial Education \(FMEF\)](#).

The FMEF was created in 2013, in the form of a non-profit association, on the initiative of the BAM; the Governor is the chairman of the board.

The purpose of the Foundation is to:

	<ul style="list-style-type: none"> • Design financial education programs and coordinate with all stakeholders the implementation of the resulting actions, their monitoring, and the measurement of their effectiveness. • Initiate and make available educational content for financial education. • Raise awareness among stakeholders on the requirement of neutrality of actions in this area by avoiding their use for commercial purposes. • Contribute, within the framework of national or international partnerships, to the implementation of actions and events in the field of financial education. • Promote good practices in financial education in accordance with international standards. <p>Enforcement Measures of the BAM</p> <p>The banking law empowers Bank Al-Maghrib to apply sanctions to credit institutions and other bodies subject to its control which contravene compliance with the provisions of the banking law and the texts adopted for its application (art 172 to art 179 of the law). 103-12).</p> <p>In addition, Circular No. 2/G/2007 of February 7, 2007, establishes the list of acts subject to disciplinary sanctions pursuant to the provisions of the law relating to credit institutions and similar bodies as well as the amount of the related financial sanctions.</p>
Assessment	---
Comments	<p>The BAM has developed a system to safeguard the rights of financial consumers in conjunction with the Moroccan Mediation Center. This creative arrangement would benefit from further dissemination with stakeholders; specially consumers so it is easy to understand that claims are considered by the Mediation Center on behalf of the BAM. The official interaction between the two entities should be better explained on the BAM website, not only in reports since the Center has become instrumental in accomplishing the BAM responsibilities in the protection of financial consumers.</p> <p>The BAM's financial education measures are implemented by the Moroccan Foundation for Financial Education. Such interaction should be further explained on the BAM's website, or consumer protection site or tab or through a direct link to the FMEF as well as concise explanation of the framework created for financial education purposes regarding consumer protection specifically.</p>
Pillar III—Central Bank Operations	
Principle 3.1.	Monetary Policy: The central bank discloses its operational framework with a well-defined operational target, objectives, instruments, collateral, and access criteria.
Principle 3.1.1.	Instruments: The central bank discloses its monetary policy instruments.
Description	<p>The BAM publishes a comprehensive list of its monetary policy instruments on its website (see also Governor's decision N° 80/W/20, and circular letter LC/BKAM/2020/8 both issued on April 15, 2020). They include: (i) Main operations which aim at bringing the interbank rate in line with the target policy rate. These operations represent the main channel through which liquidity is injected or withdrawn. They are regularly carried out, through weekly auctions. In case of excess liquidity, the Bank's primary instrument is liquidity withdrawal operations, while in the event of liquidity shortage it uses 7-day advances; (ii) Fine-tuning operations that are one-off operations which aim at easing the impact of unforeseen changes in banks' liquidity. They cover a period of time less than 7 days and take essentially the form of repurchase agreements or, if the need arises, secured loans; (iii) Standing facilities on banks' initiative, whose goal is to keep the interbank rate within a predefined range and limit the scope of its variations near the policy rate. They are used by monetary policy counterparts to adjust their liquidity. These are the overnight advances and the</p>

	<p>overnight deposit facilities; (iv) Long-term operations which aim at withdrawing or injecting additional liquidity over a period of more than 7 days. They take the form of repurchase agreements, secured loans, or foreign exchange swaps; and (v) Structural operations which aim at dealing with a persisting situation of liquidity surpluses or shortages. They consist in purchases or sales of securities issued by the Treasury on the secondary market and in the issuing and repurchase by the BAM of negotiable debt instruments.</p> <p>The BAM clearly defines on its website the weighted average rate of the money market as the operational target for monetary policy.</p> <p>The BAM's website (Monetary Policy: Decision-making process) defines the link existing between the banking liquidity management and the convergence of short rates towards the policy rate. The objective is to ensure the steering and smooth functioning of the interbank market through injection and liquidity withdrawal operations, through which the BAM aims to ensure the fine-tuning of liquidity and keep the weighted average rate very close to the monetary policy operational target. Keeping this target under control is thus the first step in the transmission of monetary policy decisions to other interest rates and therefore to credit. The BAM's Website explains how banks' liquidity needs are assessed (i.e., monitoring of the autonomous factors of banking liquidity), implicitly leading to the calibration of the BAM's discretionary monetary operations.</p> <p>The role of reserve requirement is disclosed as a structural instrument used to manage bank liquidity (article 2 of the Governor's decision N° 80/W/20 of April 15, 2020) published on the website: "Reserve requirement: represents the deposits that banks must build up on their current accounts with Bank Al-Maghrib. Its purpose is to regulate the banking liquidity in a structural way."</p>
Assessment	<p><i>Comprehensive</i></p> <p>The BAM's monetary policy instruments are fully disclosed in the BAM's website.</p>
Comments	
Principle 3.1.2.	Coverage: The central bank discloses: (i) The type of instrument (open market operations, standing facilities, other facilities, reserve requirements, and direct instruments of monetary control); (ii) the characteristics of each instrument; and (iii) the collateral framework.
Description	<p>The detailed regulations, terms and conditions of monetary instruments are disclosed and regularly updated (see Governor's decision N° 80/W/20, and circular letter LC/BKAM/2020/8 both issued on April 15, 2020). This includes the type of instruments and their characteristics (rate, maturity, type of instrument, etc.) as well as the eligible collateral for liquidity providing monetary operations (standing facility and the BAM's discretionary monetary operations) and the operational implementation procedures. The BAM's Website discloses how open market operations are calibrated from the daily short-term liquidity forecasting exercise conducted by the BAM.</p> <p>The reserve requirements' ratio, remuneration, and averaging provision are also published (see Article 2 of the Governor's decision N° 80/W/20, and articles 37 and 38 of the circular letter LC/BKAM/2020/8, which also defines the basis for calculating the reserve requirement).</p> <p>While the Monetary Policy Report does not include references to forward guidance, in the Press Conferences convened to discuss monetary policy developments (available on the BAM's YouTube channel) the Governor has utilized this tool to convey messages regarding the future stance of the BAM monetary policy. These messages have also been mentioned in the related Press Releases.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The BAM discloses the characteristics of its monetary policy instruments, as well as how the operational framework utilized for their calibration.</p>

	The Governor has been transparent with regard to the use of forward guidance.
Comments	
Principle 3.1.3.	Access: The central bank discloses the monetary policy counterparties' framework.
Description	The categories of monetary policy counterparties and respective access rights are clearly defined and disclosed. The Governor's decision N° 80/W/20 defines monetary counterparties, the eligibility criteria of counterparties and related access rights. The BAM's circular letter LC/BKAM/2020/8 provides additional detailed information on: (i) The eligibility criteria of monetary policy counterparties; (ii) the nominative list of eligible counterparties; (iii) the list of accepted collateral accepted for each liquidity providing monetary operations, and (iii) haircuts that are applied to each type of collateral. Article 4 of the Governor's decision N° 80/W/20 indicates that the BAM may accept monetary counterparties for Long Term and Structural monetary operations beyond the published list of eligible counterparties.
Assessment	<i>Comprehensive</i> The BAM's published regulations disclose the details of the monetary policy counterparties' framework.
Comments	So far the BAM has not activated its Long Term and Structural monetary operations beyond the published list of eligible counterparties, as allowed by Article 4 of the Governor's decision N° 80/W/20 .
Principle 3.2.	Cross-Border Financial Flows and Foreign Exchange Administration: The central bank discloses how it implements this policy in terms of the instruments and the scope of its operations and actions.
Description	The <i>Office des Changes</i> , a public entity under the Ministry of Economy and Finance, is responsible for the definition, implementation, and enforcement of foreign exchange regulations, as well as the licensing and supervision of money changers. The BAM's statutory responsibilities regarding the implementation of the exchange rate policy defined by the Government, as well as its related advisory role, are covered in the Monetary Policy, Foreign Exchange Management sections of the CBT (Pillars II, III, and IV), and in the relevant Transparency in Official Relations sections of the CBT (Pillar V).
Assessment	<i>Not Applicable</i>
Comments	The BAM's statutory responsibilities regarding the implementation of the exchange rate policy defined by the Government, as well as its related advisory role, are covered in the Monetary Policy, Foreign Exchange Management sections of the CBT (Pillars II, III, and IV), and in the relevant Transparency in Official Relations sections of the CBT (Pillar V).
Principle 3.3.	Foreign Exchange Management: The central bank discloses how it implements its foreign exchange policies framework in terms of instruments, markets, size, and mode of access.
Principle 3.3.1.	Instruments: The central bank discloses the set of instruments used for foreign exchange management policy, key considerations under which these instruments are chosen, and eligibility criteria of counterparties and mode of access.
Description	The Instruction Générale des Opérations de Changes issued on January 3, 2022 by the Office des Changes, and posted on the BAM's Website sets the eligibility criteria for participations in the FX market (Article 19) and delegates to the BAM the organization and monitoring of the domestic FX market as follows: <ul style="list-style-type: none"> • Banks are authorized to carry out, on their own account or on behalf of their customers, spot transactions, hedging operations, loan-borrowing operations in

	<p>accordance with the provisions of the Instruction, and to maintain FX positions, in accordance with the conditions set by the BAM (Article 19).</p> <ul style="list-style-type: none"> • The availability of FX accounts belonging to resident or non-resident foreigners, Moroccans residing abroad, as well as the availability of accounts opened under the provisions of Law 63-14, Article 4 Ter of Finance Law No. 110-13 for the 2014 budget year and Article 8 of Finance Law No. 70-19 for the 2020 fiscal year, may be invested by banks either locally or abroad, on the terms and conditions set by the BAM (Article 29). • Banks are authorized to carry out the following operations: Purchase of FX banknotes from other banks and the BAM under the conditions set by the BAM (Article 31). • Authorized hedging operations by banks for their own account or on behalf of authorized entities have to be carried out under the conditions set by the BAM (Articles 40 and 41). <p>The Office des Changes determines the economic agents authorized to carry out transactions on the FX market and is also in charge of licensing FX bureaus. For banks, the granting of approval, the conditions of exercise and withdrawal are governed by title 2 of chapter one of Banking law 103-12 relating to credit institutions and similar bodies. Disciplinary sanctions are governed by title 8 of the Banking Law. The Banking Law is published on the BAM's Website.</p> <p>Market maker status allowing access to the BAM's FX auctions is granted by BAM. The granting procedure, the conditions to be respected and the sanctions in connection with this status are published on the BAM's Website (Circular Letter related to the terms and conditions in the FX market LC/BKAM/2018/1).</p> <p>The terms and conditions regulating Morocco's domestic FX market and the BAM's FX intervention, consistent with the delegation of authority to the BAM given by the Instruction Générale des Opérations de Changes are defined in the Governor's Decision D.N.01/W/18 relating to the implementation of the FX regime, the Circular Letter related to the terms and conditions in the FX market (LC/BKAM/2018/2), and the Circular Letter related to the BAM's FX auctions (LC/BKAM/2018/1), all available on the BAM's website. These regulations cover in particular, the methods concerning the determination of the exchange rates, the respect of the fluctuation corridor, the authorized instruments and the auction methods as follows: (i) Modalities of spot transactions in the FX interbank market (i.e., fluctuation band); (ii) type of FX placements banks can make; (iii) type of forward transaction banks can do including for their customers; (iv) modalities of cash transactions that banks can do with their customers; and (v) modalities of FX transactions of banks with the BAM.</p> <p>Prior to the launch of a FX auction, the BAM discloses on its website, Reuters, Bloomberg the features of the FXI, and there have been instances where a Press Release has been issued to disclose their rationale. For instance, the Press Release issued on September 17, 2021, prior to the FX intervention planned for September 20, 2021, indicated that the FX auction aimed at mopping up excess liquidity in the FX market so as to ensure its smooth functioning.</p> <p>The Code of Conduct that FX market participants have to follow, including sanction rules, is disclosed on the BAM's Website (Circular N.63/DAI/96).</p> <p>The list of currencies quoted by the BAM and daily corresponding reference rates are disclosed on the BAM's Website.</p>
Assessment	<p><i>Expanded</i></p> <p>The regulations published by the BAM disclose the set of instruments used for FX interventions, as well as the eligibility criteria of counterparties and mode of access.</p>

Comments	Transparency of the BAM's FXI would be enhanced by disclosures explaining the purpose of each FX instrument (i.e., OTC, auction, etc). This could be included in a section of the website dedicated to the <i>actual</i> design and implementation of foreign exchange policy (see Principle 2.3.1). In the meantime, as mentioned by the BAM in its self-review of the CBT code, the section of the website dedicated to the reform of the exchange rate regime could be updated accordingly (see Principle 2.3.1).
Principle 3.3.2.	Coverage: The central bank discloses the markets and agents who are targeted by the foreign exchange management policy.
Description	The above-mentioned the BAM circular letter (LC/BKAM/2018/2) defines all the instruments authorized for the domestic foreign exchange market; the modalities governing the BAM's interventions on the domestic FX exchange market; the eligible criteria for counterparties and the operating procedures for FX interventions. The Code of Conduct that FX market participants have to follow, including sanction rules, is disclosed on the BAM's Website (Circular N.63/DAI/96).
Assessment	<i>Comprehensive</i> The BAM's published regulations disclose the markets and agents who are targeting by its FX interventions in the domestic FX market. The Code of Conduct that FX market participants have to follow is disclosed.
Comments	
Principle 3.4.	Foreign Exchange Reserve Management: The central bank discloses the general principles governing its foreign exchange reserve management operations, including relationships with counterparties and service providers.
Principle 3.4.1.	Instruments: The central bank discloses the broad selection criteria for eligible asset classes, composition of instruments, investment horizon and constraints.
Description	Article 71 of the BAM's statutes defines the instruments eligible for reserve management. There are no references to the specific selection criteria for each asset class. The breakdown of reserve exposures by asset class and by geographic region is published in the 2020 annual report (P.218). The breakdown by currency and remaining maturities is published in the note 2 of the 2020 financial statements (P. 221).
Assessment	<i>Core</i> While the BAM discloses the eligible asset classes and breakdowns by asset class and remaining maturities, the selection criteria for eligibility, investment horizon and risk disclosures by asset class are not disclosed.
Comments	The BAM could consider disclosing the selection criteria, investment horizon and risk disclosures by asset class.
Principle 3.4.2.	Coverage: The central bank discloses the criteria to select eligible market counterparties and service providers and eligible markets to conduct its operations.
Description	The investment guidelines which define the eligibility criteria are considered as an internal document and is not published.
Assessment	<i>Not implemented</i>
Comments	Disclosure could be enhanced if the BAM communicates to its stakeholders its choice of not disclosing the rules and procedures for the selection of counterparties, custodians and service providers and its own reasons for this choice.

	Alternatively, the BAM could consider publishing minimum eligibility criteria for selection of counterparties, issuers, custodians, and service providers mainly in terms of minimum credit ratings and eligible markets.
Principle 3.4.3.	Assessment: The central bank discloses criteria to assess adequacy and liquidity parameters and discloses such analysis regularly, at predetermined times.
Description	In the 2020 annual report , the paragraph dedicated to the liquidity risk describes the reserve holding objectives from which one can infer some elements to assess the adequacy of the reserves. Disclosures about the minimum sizes of the sub-tranches provide information on the liquidity parameters (P.219).
Assessment	<i>Core</i> The annual report contains a broad discussion of reserve adequacy and liquidity arising from its investment activities.
Comments	The BAM could consider publishing in a specific section of the Annual Report, an assessment of the adequacy of the reserves, liquidity and risk exposure comparatively to the policy objectives. The BAM can also complement their assessment using the ARA metric.
Principle 3.5.	Financial Stability Assessments and Stress Testing: The central bank periodically discloses its assessment of domestic financial stability to the public and is transparent about the methods used for such assessments, including its framework for stress testing.
Principle 3.5.1.	Financial Stability Assessments: The central bank periodically provides to the public its assessment of risk to financial stability, including new and emerging sources of vulnerability.
Description	<p>In cooperation with the other financial regulators that are members of the CCSRS (the insurance and pensions authority ACAPS and the capital markets authority AMMC), the Bank Al-Maghrib publishes an annual Financial Stability Report (FSR) that assesses developments and risks in the financial sector (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere). It provides information and analysis on international and domestic macroeconomic developments, the financial position of non-financial agents (households and non-financial companies), the robustness of financial institutions, and developments in the capital market and financial market infrastructure. The FSR has a comprehensive qualitative assessment of vulnerabilities and risks weighing on financial stability, with analysis of developments of indicators identified in a conceptual systemic risk map published on the BAM website (https://www.bkam.ma/Stabilite-financiere/Cadre-analytique/Cartographie-des-risques-systemiques). It includes a section on emerging financial risks, including issues related to technological, cyber, and climate risks and the development of sustainable finance. Recently, a box was added on a financial stability index to further deepen the analysis.</p> <p>Some of these aspects of analysis in the FSR are further deepened in published working papers, for example on financial vulnerability of non-financial enterprises, published in December 2021: https://www.bkam.ma/Publications-statistiques-et-recherche/Recherche2/Documents-de-travail/2021.</p> <p>In addition, at the conclusion of each semi-annual CCSRS meeting, a press release is issued, reporting the main conclusions drawn from its deliberations, covering developments in the financial sector and potential systemic risks, with links to the macroprudential policy stance, where appropriate (https://www.bkam.ma/Communiqués/Communiqué/2021/Quatorzieme-reunion-du-comite-de-coordination-et-de-surveillance-des-risques-systemiques).</p> <p>In a regional context, the Bank Al-Maghrib has organized bi-annually three symposia on financial stability, with the participation of regional central banks, the Financial Stability Board and other stakeholders, detailed in a press release (December 9, 2019): https://www.bkam.ma/Communiqués, with the opening address of the Governor of the Bank</p>

	Al-Maghrib also published: https://www.bkam.ma/fr/Discours/2019/Symposium-regional-de-haut-niveau-sur-la-stabilite-financiere-mot-d-ouverture-de-monsieur-le-wali .
Assessment	<i>Expanded</i> In the annual FSR, the Bank Al-Maghrib publishes a comprehensive assessment of the main risks to financial stability, including new and emerging vulnerabilities. The semi-annual press releases of the CCSRS add to the frequency of the assessment of the main risks to financial stability.
Comments	Stakeholders generally judged the FSR of high quality, with good quality of analysis and clear drafting for a wide audience. To achieve a comprehensive level of transparency about financial stability assessments, the authorities could consider disclosing further details about the methods, as well as the underlying data used for such assessments, to the extent such disclosure is compatible with data protection rules. In addition, the post-meeting press releases of the CCSRS could disclose more details on the financial stability analysis used in its deliberations and conclusions.
Principle 3.5.2.	Macroprudential Stress Testing Methods: The central bank discloses the methods and key assumptions of the stress testing framework.
Description	In the FSR and on its website, the Bank Al-Maghrib provides detailed information on its stress-testing exercise (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere): <ul style="list-style-type: none"> • The types of institutions covered, including through stress tests carried out by other financial regulators on insurance companies and capital markets; • The risks covered, including sensitivity analysis to credit, liquidity, and market risks, as well as more general scenarios of adverse macroeconomic developments, contagion risk, and climate risk (also disclosed in the “stress test” section of the website: https://www.bkam.ma/Stabilite-financiere/Cadre-analytique/Stress-tests); • Details on the baseline and adverse macroeconomic scenario, including the main assumptions on external and domestic economic developments and information on the GaR/SVAR models used to develop the extreme scenario (2018 edition, box 4: https://www.bkam.ma/Publications-statistiques-et-recherche/Publications-institutionnelles/Rapport-sur-la-stabilite-financiere/Rapport-sur-la-stabilite-financiere-exercice-2018); • The time horizon considered in the tests; • Information on the evolution of non-performing loans and the capital position of banks over the estimation horizon; and • A summary assessment of whether the evolution of the capital position of banks continues to conform to the regulatory minimum. <p>Separately, the Bank Al-Maghrib has published a directive on the modalities of individual banks’ stress testing that is required for microprudential purposes, Directive 2/G/10: https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Activite-des-etablissements-de-credit-et-assimiles/Reglementation-prudentielle.</p>
Assessment	<i>Expanded</i> In the FSR, the Bank Al-Maghrib discloses the main information on the design of the macroeconomic stress scenario and the risks covered, along with underlying assumptions. While the information disclosed is substantial, some details on the design, implementation, and results of the stress testing analysis are lacking. It is not disclosed whether

	macroprudential stress-testing exercise makes use of the stress tests that are required from banks, that is, whether the exercise has a bottom-up component.
Comments	<p>Stakeholders generally expressed confidence in the stress testing exercise carried out by the Bank Al-Maghrib and felt little need for disclosure of additional details, which they thought of value mainly for the most specialized of audiences.</p> <p>To achieve a comprehensive level of transparency about stress testing methods, the Bank Al-Maghrib could consider disclosing additional details on the stress-testing exercise, including:</p> <ul style="list-style-type: none"> • The type of exercise and the extent to which banks are involved or use is made of banks' own stress testing exercises (that is, whether the exercise is top-down or a combination of top-down and bottom-up); • Details on the estimation of the baseline and extreme scenarios and the authorities' view on their plausibility • Details on the satellite models used, including in particular the credit-risk model and its links to the macroeconomic scenario; • Information on the evolution of financial statements beyond the summary information on capital adequacy and non-performing loans; • Details on the assumptions and results of liquidity stress tests, once they have been implemented; and • Additional details on the regulatory regime considered, including possible relaxation of regulatory prudential limits or macroprudential policy variables. <p>These details could be included in a comprehensive policy note or working paper on the stress-testing exercise, which is currently not available in published form.</p>
Principle 3.5.3.	Stress Testing Coverage: The central bank discloses the coverage of the stress testing exercise.
Description	In the FSR, the Bank Al-Maghrib discloses that its stress-testing exercise includes the eight largest banks, covering almost 80 percent of total assets of the banking sector (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere , 2020 edition, page 101). Elsewhere in the FSR, other regulators detail the coverage of their own stress tests.
Assessment	<i>Expanded</i> The Bank Al-Maghrib discloses the type of institutions covered in the stress tests, as well as the number of institutions.
Comments	To achieve a comprehensive level of transparency about stress testing coverage, the Bank Al-Maghrib could consider disclosing the names of the institutions covered in the stress tests.
Principle 3.5.4.	Central Bank Use of Stress Test Results: There is clarity about the ways the central bank uses the stress test results.
Description	Both the FSR (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere , 2020 edition, 2020 edition, page 101) and the "stress test" section of the website: https://www.bkam.ma/Stabilite-financiere/Cadre-analytique/Stress-tests) indicate that the purpose of the stress tests is to evaluate regularly the resilience of the banks to macroeconomic shocks and that its results serve to aid in the formulation of policies to mitigate the effects of such adverse shocks. The press releases of the CCSRS (https://www.bkam.ma/Communiqués/Communiqué/2021/Quatorzieme-reunion-du-comite-de-coordination-et-de-surveillance-des-risques-systemiques) typically mention the overall stress test results as one of the tools used by the CCSRS to evaluate the resilience of the banking sector to adverse macroeconomic shocks.

Assessment	<p><i>Core</i></p> <p>The Bank Al-Maghrib discloses the main purpose of the stress tests.</p>
Comments	<p>Stakeholders generally felt the stress test results served their purpose, especially in a context where the banking sector was well capitalized and was shown to be resilient to significant adverse scenarios.</p> <p>To achieve an expanded level of transparency about the use of stress test results, the authorities could consider disclosing specifically how adverse aggregate or individual banks' results of the stress tests would affect policy.</p> <p>Additionally, to achieve a comprehensive level of transparency about the use of stress test results, the Bank Al-Maghrib could consider disclosing how the results of the stress tests would affect all other aspects of its dealings with financial institutions.</p>
Principle 3.6.	Macroprudential Policy Implementation: The central bank discloses how it implements macroprudential policies, including the design of policy instruments and enforcement arrangements.
Principle 3.6.1.	Instruments: The central bank discloses the precise design and objectives of its macroprudential instruments, including the scope of entities and financial instruments subject to macroprudential constraints.
Description	<p>For the macroprudential tools that have been implemented by Bank Al-Maghrib, regulatory documents provide precise details on their design and scope of application. For example, for the countercyclical capital buffer, Circular 1/W/16 of 10 June 2016 provides these details. These regulatory documents are published in a dedicated section of the website entitled "Prudential Regulation: https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Activite-des-etablissements-de-credit-et-assimiles/Reglementation-prudentielle.</p> <p>In addition, a section entitled "Macroprudential policy instruments in the FSR (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere, 2020 edition, chapter 3, section 7B), the Bank discloses the objectives and scope of the various macro-prudential instruments in its toolkit.</p> <p>There is no proscribed customary process of public consultation for prudential regulations prior to their implementation, although regular engagement and discussions with supervised entities on these issues is to take place before their submission to the Credit Institutions Committee as described in Articles 25 and 26 of the Banking Law 103-12 (https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Loi-bancaire). However, deliberations of this Committee are not published. Other informal consultations exist. For example, the authorities indicate that the FSR is transmitted to banks, insurance companies and other financial market agencies along with a questionnaire to assess the report, providing an opportunity for supervised entities to share feedback on the macro prudential policy and instruments contained in the report. The outcome of this informal engagement is also not published.</p>
Assessment	<p><i>Expanded</i></p> <p>Regulatory documents, published on the Bank Al-Maghrib's website in a separate accessible section, provide precise details on the design and scope of application of macroprudential tools that have been implemented. Separately, the FSR provides clear and accessible statements that disclose the key design features of these tools and how they may affect various market participants.</p>
Comments	<p>Stakeholders generally valued the engagement of the Bank Al-Maghrib with the banks prior to promulgation of major regulations, but felt that a more formal public consultation process could also be helpful.</p>

	To achieve a comprehensive level of transparency about macroprudential instruments, the Bank Al-Maghrib could consider instituting a customary process of public consultation (with published proceedings) prior to implementing new macroprudential tools or making major changes to the design of existing tools.
Principle 3.6.2.	Enforcement: The central bank discloses enforcement mechanisms and responsibilities for all entities and financial instruments subject to macroprudential constraints.
Description	<p>Macroprudential policy decisions are coordinated in the CCSRS, the mandate of which is established in the Banking Law 103-12, articles 108 and 110 (https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Loi-bancaire). Article 108 also proscribes that the CCSRS monitors the implementation of these measures by the constituent members in their respective areas of mandate. Enforcement by each agency of macroprudential policy measures is subject to the enforcement and incentive mechanisms for general prudential regulation.</p> <p>For the Bank Al-Maghrib, these mechanisms are set out in Articles 94 and 172 through 194 of Title VIII, "Disciplinary and penal sanctions" of the Banking Law 103-12: https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Loi-bancaire.</p> <p>For the capital market authority AMMC, in Section III, Articles 8 through 13, of Law 43-12: https://www.ammc.ma/fr/reglementations/dahirs-lois.</p> <p>For the insurance and pensions authority ACAPS, Chapter IV, Articles 19 and 23, of Law 64-12: https://www.acaps.ma/fr/reglementation/loi-64-12, as well as Title V of Law 17-99: https://www.acaps.ma/fr/reglementation/reglementation-assurance.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The Bank Al-Maghrib discloses which agencies enforce macroprudential regulations and discloses both incentive mechanisms and penalties.</p>
Comments	The enforcement mechanisms for prudential regulation at the disposal of the Bank Al-Maghrib were generally clear to stakeholders.
Principle 3.7.	Microprudential Supervision: Selected principles from BCP, ICP, and IOSCO.
Description	
Assessment	<i>Not Applicable</i>
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 3.8.	Emergency Liquidity Assistance: The central bank may disclose any ongoing provision of emergency liquidity assistance (including bilateral and market-wide support) and its conditions and parameters once the need for confidentiality has ceased.
Description	No disclosures observed.
Assessment	<i>Not Implemented</i>
Comments	The BAM has indicated that ELA has not been activated since the setting up of the 2013 framework or enactment of the 2019 BAM Law.
Principle 3.9.	Resolution: Selected principles from KA
Description	
Assessment	<i>Not Applicable</i>

Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 3.10.	Financial Market Infrastructures: Selected principles from PFMI
Description	
Assessment	<i>Not Applicable</i>
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 3.11.	Financial Integrity: The central bank discloses its Anti-Money Laundering/Countering the Financing of Terrorism supervisory processes as well as details about resources allocated to its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Description	<p>AML/CFT Supervisory Processes and Allocated Resources</p> <p>The BAM discloses general information on its approach to off-site and on-site AML/CFT supervisory activities. On the BAM's webpage 'Rôle de Bank Al-Maghrib dans le cadre du dispositif LBC-FT' (https://www.bkam.ma/Supervision-bancaire/Controle-micro-prudentiel/Integrite-financiere/Role-de-bank-al-maghrib-dans-le-cadre-du-dispositif-lbc-ft), the bank discloses general information on its approach to off-site and on-site AML/CFT supervisory activities. This includes general information on its mapping process for ML/TF risks in the banking sector, which informs the BAM's risk-based assessment of its supervised institutions.</p> <p>The BAM's Banking Supervision Annual Reports that are published on its website (https://www.bkam.ma/Supervision-bancaire/Indicateurs-et-publications/Rapport-annuel-sur-la-supervision-bancaire) all contain a dedicated section on 'surveillance of financial integrity'. This section contains general overview information on the BAM's on-/off-site supervisory approach and completion rates. The 2016 Banking Supervision Annual Report for example describes the BAM's AML/CFT supervisory processes: "In this area, the permanent control relies in particular on the answers provided by the banks to the AML/CFT questionnaires and on their annual control reports. The analysis of these reports gives rise to in-depth interviews with the compliance functions and to follow-up actions. On-site inspections have been extended to include, in addition to the assessment of management systems of credit institutions, the verification of a sample of operations and transactions. [...] The institutions subject to Bank Al-Maghrib's control have been committed to undertake corrective actions in response to the findings of the on-site and off-site controls. A regular follow-up of the implementation, within the set deadlines, of the corrective measures is carried out remotely on the basis of the adjustments transmitted by the institutions or, in certain cases, through on-the-spot verifications."</p> <p>The Banking Supervision Annual Reports also contain summary statistical information on the overall number of supervisory visits in a given year and those with an AML/CFT focus (e.g., 2018 Banking Supervision Annual Report: "On-site inspections in 2018 covered several of the above areas. Of the 33 missions carried out, 11 were of a general nature and 18 of a thematic nature. The latter covered the examination of regulatory and prudential reporting, the system for combating money laundering and money laundering and terrorist financing.") In addition to this information, the Banking Supervision Annual Reports (e.g., p. 110 of 2019 report) contain general information regarding cross-border supervisory activities, which include AML/CFT supervisory assessments.</p> <p>The BAM discloses information on the human and technical resources allocated to banking supervision in general in its Annual Reports on Banking Supervision (e.g., 2020 report, p. 177: https://www.bkam.ma/Publications-statistiques-et-recherche/Publications-</p>

	<p>institutionnelles/Rapport-annuel-sur-la-supervision-bancaire/Rapport-annuel-sur-la-supervision-bancaire-exercice-2020). The report also discloses specific training sessions received, including on AML/CFT. With regards to human and technical resources specifically allocated to its AML/CFT supervisory activities, the BAM discloses that “a structure responsible for “financial integrity” has been in place since 2016 [...] made up of specific dedicated skills. It provides its contribution and expertise alongside permanent and on-site controllers on AML/CFT issues” (https://www.bkam.ma/Supervision-bancaire/Controle-micro-prudentiel/Integrite-financiere/Role-de-bank-al-maghrib-dans-le-cadre-du-dispositif-lbc-ft).</p> <p>Internal AML/CFT Control Activities and Allocated Resources</p> <p>The BAM discloses some general information on its internal AML/CFT control activities (https://www.bkam.ma/Trouvez-l-information-concernant/Dispositif-interne-de-lbc-ft), focusing on overview information of internal AML/CFT risk management processes. The BAM also provides general information on the technical resources allocated to these AML/CFT internal controls, such as the existence of tools for ML/TF risk management and reporting suspicious transactions. With regards to human resources allocated, the BAM’s public organizational chart (https://www.bkam.ma/A-propos/Organisation/Organigramme) references the compliance function ‘Service Central de Lutte Contre le Blanchiment de Capitaux’ when clicking on the Legal Department function (see also principle 2.10).</p>
Assessment	<p><i>Core</i></p> <p>The BAM discloses general information on its approach to off-site and on-site AML/CFT supervisory activities and on the human and technical resources allocated to these activities. It also discloses summarized statistical information on the completion rates of off-site and on-site assessments (incl. AML/CFT) of its supervised entities.</p> <p>The BAM discloses some general information on its internal AML/CFT control activities and on the human and technical resources allocated to them.</p>
Comments	<p>The BAM could disclose more detailed information on its internal AML/CFT control activities on behalf of the Central AML/CFT Department, including statistical information on the completion rates of its internal AML/CFT control activities.</p>
Principle 3.12.	Consumer Protection: The central bank discloses its operations relating to consumer protection conducted solely or jointly with other agencies.
Description	<p>In the Banking Supervision Report, the BAM discloses the measures taken about credit institutions and similar entities. Several supervisory actions and regulatory measures have been enacted in this respect over the last two years:</p> <ul style="list-style-type: none"> • During the crisis: the BAM conducted an audit of credit institutions and similar entities regarding the application of the terms and conditions governing the postponement of credit deadlines decided by the Economic Monitoring Committee. At the end of this audit, the BAM called on the banks to harmonize the media used to request deferment as well as the options available to the client in terms of the duration and amount of the instalment. • The BAM has endeavored to enhance and facilitate the accessibility of information about the costs of banking services, taking advantage of the digital channel. In this regard, banks were invited to provide their customers with pricing guides and a summary of the annual fees charged, through web and mobile applications. • In response to the illegal advertising practices observed, particularly regarding the free of charge concept and the overall effective rate, the BAM urged consumer credit companies to ensure that their advertisements for consumer credit offers, whether disseminated through digital channels or through posters, comply with the provisions of Article 76 of Law 31-08 on consumer protection.

	<ul style="list-style-type: none"> • The BAM has also acted against banks to request that they ensure compliance with the obligation to translate banking documentation for customers into Arabic. • The BAM has issued two regulatory texts in 2019 on banking mobility to boost banking competition and enhance the delivery of releases on bank guarantees. <p>The BAM publishes the guidelines regarding the fair treatment and conduct of business by means of a circular, directive, or recommendation:</p> <ul style="list-style-type: none"> • Circular No. 23/G/2006 of 4/12/2006 on the modalities whereby credit institutions and similar entities must inform the public about the conditions that they apply to their operations. • Circular No. 3/G/10 of 03/03/2010 on the modalities of drawing up deposit account statements. • Circular No. 15/G/16 dated 18/07/2016 laying down the standard agreements setting out the minimum clauses for demand, time and securities accounts. • Directive n°5/G/2019 on banking mobility, Directive n°4/G/2019 on the release of bank guarantees). <p>Dispute Settlement Mechanism</p> <p>Concerning the dispute settlement mechanisms, The BAM has issued and published circular n°10/G/16 on the terms and conditions for handling customer complaints as well as Circular n°9/G/2016 on the conditions governing the banking mediation mechanism.</p> <p>Bank Al-Maghrib provides the public with several channels for filing complaints through:</p> <ul style="list-style-type: none"> • The generic address available on the BAM website. • Sending by post to the address specified on the site. • The filing of the complaint with one of the BAM agencies throughout the kingdom, which is responsible for forwarding it to the DSP Complainants are stakeholders in the processing of requests for mediation insofar as participation in this process is optional and free of charge. <p>Once the complaint is transferred to the CMMB, the complainant is informed by the latter. Once received and analyzed, the complaint is transferred to the CMMB—if it has not been processed beforehand by the latter and that it is eligible for the scope of its intervention—or processed by the BAM when the complaint has already been processed by the CMMB or when its type concerns the BAM services (complaints relating to fraud, embezzlement, particular malfunction, etc.).</p> <p>Financial Education Activities done by the BAM regarding Consumer Protection</p> <p>The BAM also carries out several communication actions through its social networks: Publication of 3 didactic guides on the “processing of complaints”, “banking mobility” and “the issuance of releases on securities guaranteeing bank credit”. Broadcasting of a radio debate on Atlantic Radio “Polemic Ala Atlantic” which focused on bank-customer relations.</p> <p>Awareness publication, on free services.</p>
Assessment	---
Comments	<p>The BAM has put in place a grievance mechanism of mediation specifically made for the protection of the financial consumer. Such a system is gradually building up public confidence within the financial system, since it is relatively new. Maintained efforts are welcome to disseminate the Mediation Center and its shared responsibility with the BAM, it is understood that a communication plan has been deployed on this regard in accordance to Board Resolutions taking advantage of diverse channels of communication and social media.</p>

	<p>We encourage disclosure of this undergoing process that could eventually include methods to measure satisfaction on consumer protection claims.</p> <p>The BAM's financial education measures are implemented by the Moroccan Foundation for Financial Education.</p> <p>It could be beneficial for the consumer protection department to develop specific website on consumer protection to facilitate interaction with the public and stakeholders if that is not possible, a specific digital tab on the BAM's official website to facilitate disclosure of actions and its implementation. Including actions on financial education, through specific links to the Moroccan Foundation for Financial Education.</p>
Pillar IV—Central Bank Outcome	
Principle 4.1.	Monetary Policy: The central bank is transparent about the outcome of its monetary policy conduct.
Principle 4.1.1.	Governance Actions: The accountability of the central bank on monetary policy is clear as to whom accountability is owed and how it is discharged.
Description	<p>As a guarantee of good governance, transparency is defined in the BAM's Website as "an obligation toward the public, its partners, and its employees. It is committed to informing them about its decisions, in due time and in a clear manner, by explaining their foundations, ensuring their understanding, and enabling them to access information. Moreover, The Bank's financial statements are made public, thus giving a clear view of its operations and its financial situation."</p> <p>As stated in Article 45 of the BAM's statutes, the Governor is heard on the Bank's missions by and at the initiative of the parliamentary standing committee(s) in charge of finance. The BAM includes in its Annual Report a box on the assessment of its inflation and growth projections, explaining any deviations from the actual figures. The presentations given by the Governor before the parliament are published on the BAM's website. Of particular relevance is the Presentation of October 14, 2015, to discuss the BAM's strategic plan for the modernization of monetary policy, including the transition to a flexible exchange rate regime, and to an inflation targeting monetary regime. The last Presentation given on February 15, 2022 includes updates on these reforms, as well as detailed information on current issues. The speeches delivered by the Governor on the occasion of meetings or conferences/seminars are also posted on the website.</p> <p>The quarterly MPR is the most comprehensive vehicle for the BAM's dissemination of explanations to the public involving an assessment of recent economic developments, including trends about inflation and economic activity as well other macroeconomic variables that are relevant for the attainment of the BAM's monetary policy objectives. The MPR also provides analytical explanations about monetary policy decisions, the expected outcome, and the risks to the outlook.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The governance framework set in the BAM's Law is clear and comprehensive, and the presentations given by the Governor before the parliamentary standing committee in charge of finance offer opportunities to discuss the current economic performance and expected outcome of the BAM's policy actions.</p> <p>The BAM disseminates at pre-set intervals explanations about the conduct monetary policy and its impact on the economy more broadly.</p>
Comments	
Principle 4.1.2.	Policies: The central bank discloses progress toward achieving its monetary policy objective(s) as well as prospects for achieving them.

Description	<p>While the BAM has not disclosed a numerical inflation objective, the various publications dealing with monetary policy (most notably the Annual Report, quarterly MPR and related Press Release) discuss outcomes of the BAM's monetary policy actions in view of the current price stability objective to maintaining inflation at a moderate and stable level over a medium-term horizon:</p> <ul style="list-style-type: none"> • The Annual Reports (Sections 2.2 Tasks of the Bank: 2.2.1 Monetary policy, and 2.2.1.1 Monetary policy decisions) provide the detail of the four decisions of the BAM's Board for the year under review, together with discussions on macroeconomic developments and the analyses underlying the monetary policy decision, including the expected evolution of inflation with the ultimate objective of ensuring price stability. • With regard to communication on forecasting outcomes, the BAM publishes in the monetary policy chapter of the Annual Report a Box on the evaluation of inflation and growth forecasts, which reviews the main sources of differences between forecasts and outcomes for inflation and growth. • The quarterly MPR include a section dedicated to recent inflation trends, with sub-sections on inflation trends, short-term outlook for inflation (core and headline), and inflation expectations based on the inflation expectation survey conducted by the BAM. The MPR also includes a section on the Medium-term outlook, as well as a section on the Underlying assumptions with regard to the global economic outlook, central banks' actions in emerging and developing economies, commodities prices, and specific factors for Morocco (i.e., cereal production in Morocco). <p>The BAM's website provides a general description of its monetary policy forecasting framework that it utilizes to project the future medium-term trajectory of key indicators for the monetary policy decision, in particular the fan charts which illustrate the most likely trajectory of the forecast and the surrounding uncertainties. As discussed in Principle 2.1.3, the detailed specifications of the models utilized by the BAM have been disclosed to the public.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The MPR provides a comprehensive account of progress toward achieving the BAM's price stability mandate, as well as prospect for achieving it.</p>
Comments	
Principle 4.1.3.	Operations: The central bank discloses the volumes and interest rates of the operations, as well as the level of the operational target achieved.
Description	<p>The level of the operational target of monetary policy is timely disclosed on the BAM's Website. The level of overnight money market weighted average rate is published on a daily basis, together with other related money market rates.</p> <p>The outstanding volumes for each monetary policy instruments are published in a timely manner on theBAM's website, including auction results (amounts requested and amounts served) as well as the outstanding amounts and interest rates of each instrument.</p> <p>The aggregated bank balances with the BAM and the aggregate reserve requirements are made public on a daily basis, and the autonomous liquidity factors achieved are published in the Bank's quarterly bulletin. The section of the MPR dedicated to monetary conditions also provides information on bank's need for liquidity and the related actions taken by the BAM through its monetary policy interventions on the money market.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The BAM's website provides comprehensive and timely data related to the activation of the monetary policy instruments.</p>

Comments	
Principle 4.2.	Cross-Border Financial Flows and Foreign Exchange Administration: The central bank discloses the outcome of its policy implementation.
Description	The <i>Office des Changes</i> , a public entity under the Ministry of Economy and Finance, is responsible for the definition, implementation, and enforcement of foreign exchange regulations, as well as the licensing and supervision of money changers.
Assessment	<i>Not Applicable</i>
Comments	The BAM's statutory responsibilities regarding the implementation of the exchange rate policy defined by the Government, as well as its related advisory role, are covered in the Monetary Policy, Foreign Exchange Management sections of the CBT (Pillars II, III, and IV), and in the relevant Transparency in Official Relations sections of the CBT (Pillar V).
Principle 4.3.	Foreign Exchange Management: The central bank discloses how its governing committee is accountable for undertaking and reporting on foreign exchange interventions.
Principle 4.3.1.	Governance Actions: The central bank discloses its decision-making structure and how it is accountable for Foreign Exchange Management.
Description	As stated in Article 45 of the BAM's statutes, the Governor is heard on the Bank's missions (including its actions related to FX management) by and at the initiative of the parliamentary standing committee(s) in charge of finance. The presentations given by the Governor before the parliament are published on the BAM's website. The reform of the exchange rate regime was presented in a dedicated session to the members of Parliament by the BAM Governor. The FX management governance framework and decision-making structure is disclosed in the BAM's Annual Report (page 168 in the 2020 Annual Report), in particular the responsibility of the MFC for monitoring the FX market and approving intervention.
Assessment	<i>Expanded</i> The BAM's accountability framework stipulated in Article 45 of its Law applies to the BAM's FX management, and the decision-making structure for its FX interventions is disclosed in the Annual Report.
Comments	Additional disclosure regarding the role of the MFC in monitoring the FX market and approving the intervention budget would enhance <i>accessibility</i> of the BAM's current disclosures regarding the FXI governance framework. This information could be mentioned in a section of the website that would be dedicated to actual foreign exchange policy design and implementation (see Principle 2.3.1). In the meantime, as indicated in the BAM's self-review of the CBT code, the section of the website dedicated to the reform of the exchange rate regime could be updated to include the role of the MFC.
Principle 4.3.2.	Policies: The central bank discloses the role of Foreign Exchange Management toward achieving its policy objective(s) as well as its interaction with broader monetary policy objectives.
Description	The role of foreign exchange management toward achieving the BAM's policy objective of price stability, as well as the interaction with broader monetary policy objectives is described in the educational videos posted in the Website, covering the key concepts related to price stability and the role of the BAM in that regard, as well as exchange rate regimes and the reform of the exchange rate regime in Morocco. This material discusses the current strategy for the implementation of Morocco's monetary policy framework, as well as the rationale for the ongoing reform in view of the adoption of an inflation targeting regime, and role of exchange rate policy in that regard, with a particular focus given to the benefits to the expected from moving to a more flexible exchange rate regime.

	The ongoing reform of the exchange rate regime (with a particular focus on the reform of the domestic FX market which falls under the responsibility of the BAM) are regularly discussed during the Press conference convened following the BAM's quarterly Board meetings. In addition, progress achieved in the reform is also discussed in the BAM's Annual Report (page 170 in 2020 Annual Report). The evaluation of this reform by the IMF is also provided regularly as part of its Article IV Consultation.
Assessment	<i>Expanded</i> The role of FX management toward achieving the BAM's policy objective of price stability is disclosed to the public at large. Progress achieved in the reform of the exchange rate policy is disclosed on the website and the Annual Report.
Comments	Accessibility of information provided to disclose the role of foreign exchange management toward achieving their policy objective as well as the interaction with broader monetary policy objectives would be enhanced by including this information in a section of the website that would be dedicated to actual foreign exchange policy design and implementation (see Principle 2.3.1). In the meantime, the section of the website dedicated to the reform of the exchange rate regime could be updated accordingly.
Principle 4.3.3.	Operations: The central bank discloses the results of its market operations, the volume of activity, and the direction of interventions on its website at a predefined time lag.
Description	Given the current rules-based exchange rate regime (see Principle 2.1.1), the BAM's FX interventions are intended to preserve the fluctuation bands within the limits of the FXI intervention budget. Information on the BAM's interventions in the domestic FX market via auctions is systematically and timely published on the website. Monthly information on the BAM over-the-counter FX interventions in the domestic FX market are also disclosed in a timely fashion on the website.
Assessment	<i>Comprehensive</i>
Comments	The transparency of FX operations outcomes would be further enhanced by the disclosure of information on the BAM's FX interventions on behalf of the Government, once the confidentiality nature of this information has been lifted.
Principle 4.4.	Foreign Exchange Reserve Management: The central bank discloses any changes to the general principles of internal governance and provides clarity on the outcomes of its policy decisions about foreign exchange reserve management.
Principle 4.4.1.	Governance Actions: The central bank publicly discloses the general principles of internal governance to ensure the integrity of its policy formulation and operations.
Description	The governance framework relating to the management of foreign exchange reserves is detailed in 2020 annual report . Any changes to the general principles of internal governance and policy decisions about foreign exchange reserves management will be reflected by appropriate changes to the related section in the Annual Report.
Assessment	<i>Core</i> The BAM discloses its objectives, responsibilities of the Board, the broad principles of its policy framework and operations. However, the annual foreign exchange investment policy is not disclosed. There are no publicly available evaluations of the strategic and tactical asset allocation actions and changes in the investment framework.
Comments	

Principle 4.4.2.	Reporting on Implementation: The central bank discloses data relating to the level and composition of reserve assets, short-term liabilities, and drains that can lead to demand on reserves at a predefined frequency.
Description	<p>To ensure a better monitoring of foreign exchange reserves, the BAM has adopted, since 2020, Official Reserve Assets (ORA) as the sole reference indicator for foreign exchange reserves, following international best practices. Please see the Press release of May 22, 2020. The BAM publishes on its website weekly data on the level of Official Reserve Assets (ORA).</p> <p>Monthly ORA, other external assets, and external liabilities on non-residents are also published as part of the monetary statistics, on the 30th day after the end of the reference period, on the BAM's website in the monetary statistical series section (9 - Net claims of IDs on non-residents).</p> <p>The BAM produces and disseminates ORA statistics in accordance with the IMF's Special Data Dissemination Standard (SDDS), to which Morocco subscribed in 2005. The data template for international reserves and foreign currency liquidity is published on the BAM's website on the 30th day after the end of the reference period. It covers foreign exchange ORAs (Table I), the predetermined short-term drains on reserve assets (Table II), the Contingent short-term net drains on foreign currency assets (Table III) and the composition of foreign exchange reserves (Table IV). Time series of the various items are also available on the website.</p> <p>The BAM publishes an Advance Release Calendar which includes the release date of the weekly Official Reserve Assets and monthly International reserves and foreign currency liquidity data.</p>
Assessment	<p><i>Comprehensive</i></p> <p>The central bank publishes outcomes as per the SDDS's template. The data categories include: the official reserves and other foreign currency assets, predetermined short-term drains on reserve assets, and contingent short term net drains on reserve assets. A pre-defined is available through an advance release calendar.</p>
Comments	
Principle 4.4.3.	Financial Results: There is clarity in audited financial statements on the amount, composition, profit/loss, and risks arising from foreign exchange reserves.
Description	The 2020 Financial Statements provide information on the amount and composition of FX reserves. They include detailed explanations on the level of the result from the management of foreign exchange reserves and its evolution taking into account the investment transactions carried out during the year and the context of the international markets (P. 205 ; P. 220-221). In addition, the Note 3.2.8 on Financial Risk Management, contains information on the various categories of financial risks.
Assessment	<p><i>Core</i></p> <p>There is clarity in the audited financial statements on the amount, composition, and profit/loss. The Financial Statements provide only broad disclosures on the various level of financial risks and do not include the development in the BAM's exposures to the various risks categories. In addition to the structure of the portfolios, the disclosures do not include information on eligible counterparties and bond issuers, permissible limits, mitigations, benchmarks, as well as quantified exposures and references to methods/concepts used for quantification. At last, the Annual Report does not include information on benchmark structure of the diverse portfolios and portfolio performance.</p>
Comments	
Principle 4.5.	Macroprudential Policy: The central bank discloses outcomes and evaluations of its macroprudential policy actions and its accountability for such actions.

Principle 4.5.1.	Governance Actions: The accountability of the central bank on macroprudential policies is clear as to whom accountability is owed and how it is discharged.
Description	<p>Law 103-12 on credit institutions (https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Loi-bancaire, see Bulletin 6340) assigns the main mandate for macroprudential policy surveillance to the CCSRS (https://www.bkam.ma/Stabilite-financiere/Cadre-institutionnel/Comite-de-coordination-et-de-surveillance-des-risques-systemiques), which is chaired by the Governor of the Bank Al-Maghrib, and also comprises representatives of the Ministry of Finance and other financial regulators. The CCSRS coordinates the macroprudential policy actions of the constituent members in their respective areas of mandate, and oversees their implementation. For the Bank Al-Maghrib specifically, article 10 of its statutory law 40-17 (https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Statut-et-missions) gives a mandate to contribute to financial stability through its chairmanship of the CCSRS. For this mandate, it is subject to the general accountability mechanisms of its mandates through regular reporting, including through an annual report (https://www.bkam.ma/Publications-statistiques-et-recherche/Publications-institutionnelles/Rapport-annuel-presente-a-sm-le-roi).</p> <p>Additional accountability channels shared with other financial regulators include the FSR (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere) and the regular press releases of the CCSRS (https://www.bkam.ma/Stabilite-financiere/Cadre-institutionnel/Comite-de-coordination-et-de-surveillance-des-risques-systemiques).</p> <p>With regard to objectives, Law 103-12 explicitly defines the objective of macroprudential policy as the stability of the financial sector and the mitigation of systemic risk (which is also defined), while Section III.7 of the FSR elaborates on the intermediate objectives for macroprudential policy.</p>
Assessment	<p>Core (expanded level not defined for this principle)</p> <p>The Bank Al-Maghrib discloses the legislation that specifies its macroprudential policy objectives and its responsibilities and that of other governing bodies.</p>
Comments	<p>To achieve a comprehensive level of transparency about governance actions and accountability regarding macroprudential policy, the authorities could consider disclosure of the main modalities governing the interaction and exchange of information between the Bank Al-Maghrib and the financial market authorities involved in financial stability, including, for example, through publication of the internal operating memorandum of the CCSRS, as mentioned in Article 5 of Decree 2-17-32 of 14 September 2017 (https://www.bkam.ma/Trouvez-l-information-concernant/Reglementation/Loi-bancaire).</p>
Principle 4.5.2.	Policies: The central bank discloses ex-post evaluations of its macroprudential policies.
Description	<p>In various publications, including the 2020 edition of the FSR (https://www.bkam.ma/Stabilite-financiere/Publications/Rapport-sur-la-stabilite-financiere) and the press releases of the CCSRS (for example, the edition of June 2020—https://www.bkam.ma/Communiqués/Communiqué/2020/Onzieme-reunion-du-comite-de-coordination-et-de-surveillance-des-risques-systemiques-ccsrs), the authorities indicate the positive effects of the ensemble of measures taken by the Bank in response to the Covid-19 pandemic (https://www.bkam.ma/Communiqués/Communiqué/2020/Mesures-prises-par-bank-al-maghrib-pour-le-soutien-a-l-economie-et-au-systeme-bancaire), which were taken partly to mitigate the resulting systemic risk in the financial sector.</p> <p>For other macroprudential tools in the toolkit of the Bank Al-Maghrib, the FSR in particular explains in the section on macroprudential policy the intended effect on financial stability, but any ex-post evaluations of these individual tools have not been made public, partly because these tools have seen limited implementation to date.</p>

Assessment	<i>Core</i> The Bank Al-Maghrib (as a member of the CCSRS) publishes statements on how its macroprudential policies affect financial stability and vulnerabilities.
Comments	To achieve an enhanced level of transparency about the effects of macroprudential policies the authorities could consider publication of ex-post evaluations of policy actions that examine whether specific macroprudential tools had the intended effects, once such evaluations are available. To achieve a comprehensive level of transparency, the authorities could additionally consider disclosing the methods, techniques, and (to the extent possible) data underlying these dedicated policy evaluations.
Principle 4.6.	Microprudential Supervision: Selected principles from BCP, ICP, and IOSCO.
Description	
Assessment	<i>Not Applicable</i>
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 4.7.	Emergency Liquidity Assistance: The Emergency Liquidity Assistance framework allows for appropriate disclosure of the provision of liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.
Description	The BAM's current internal Instruction on ELA provision (not disclosed on the BAM's website) specifies that the BAM can communicate, if it deems it necessary, about the provision of emergency liquidity assistance support.
Assessment	<i>Not Implemented</i>
Comments	Disclosures regarding the ability of the BAM to communicate on ELA provision that is included in the BAM's internal Instruction would enhance transparency.
Principle 4.8.	Resolution: Selected principles from KA.
Description	
Assessment	<i>Not Applicable</i>
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 4.9.	Financial Market Infrastructures: Selected principles from PFMI.
Description	
Assessment	<i>Not Applicable</i>
Comments	This function falls outside of the scope of the CBT review given that it is covered by an established international standard.
Principle 4.10.	Financial Integrity: The central bank discloses the outcome of its Anti-Money Laundering/Countering the Financing of Terrorism supervisory actions as well as details about the oversight of its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Description	Outcomes of AML/CFT Supervisory Actions

	<p>The BAM discloses general information the outcome of its AML/CFT supervisory activities annually. The BAM's Banking Supervision Annual Reports (https://www.bkam.ma/Supervision-bancaire/Indicateurs-et-publications/Rapport-annuel-sur-la-supervision-bancaire) contain general information on AML/CFT supervisory actions regarding administrative and financial sanctions, including the number of sanctions imposed each year and those that are ML/TF-related.</p> <p>Outcomes of Internal AML/CFT Controls</p> <p>The BAM does not publish information (e.g., an annual compliance report) on the outcomes of its internal AML/CFT controls. The BAM explained that results of investigations carried out by the Legal Affairs Division, reports of suspicions transactions and spontaneous declarations submitted to the FIU are published, by type, in the BAM's annual AML/CFT activity report, which is shared internally only. This information is also reported internally to the Governor via a monthly sheet presented to the Management Committee.</p> <p>As described under principle 2.10., the BAM explained that the bank's Internal Audit and Risk Management Department assesses "the appropriateness of subjecting the AML/CFT internal system to an internal or external audit and the publication of the results and recommendations of these audit missions." The BAM's AML/CFT internal controls are audited internally, but the BAM does not disclose information about the existence of such audits and transmission of results to the Governor and the Legal Affairs Division. The BAM explained that confidentiality is applied according to the Bank's Information Security Policy.</p>
Assessment	<p><i>Not Implemented</i></p> <p>The BAM publishes the outcome of its AML/CFT supervisory activities annually, and could also include further analysis and disclosure of whether the outcomes of its annual supervisory activities are deemed proportionate to the identified risks, sufficient, and effective.</p> <p>The BAM does not disclose information (e.g., in form of an annual compliance report) on the outcomes of its internal AML/CFT controls.</p>
Comments	<p>To supplement the published annual information on the outcome of its AML/CFT supervisory activities, for imposed AML/CFT-related sanctions the BAM could disclose further information on the name of the financial institution, details on the enforcement actions imposed, and (while allowing case-by-case exceptions particularly where publication would jeopardize the stability of financial markets or an on-going investigation) information on the implementation of these sanctions by supervised institutions.</p> <p>The BAM should publish the outcomes of its internal AML/CFT controls annually, including information on their effectiveness. This could be achieved by publishing an annual AML/CFT compliance report.</p>
Principle 4.11.	Consumer Protection: There is clarity about the results and implications of consumer protection policies and operations conducted solely or jointly with other agencies.
Description	<p>The consumer protection component is included in the Banking Supervision Report (p. 164-175), published in the Bank's website. This covers several aspects and statistics relating to customer protection, complaints processing, supervisory activity (on-site inspections) and banking mediation.</p> <p>The CMMB's activity report is presented annually within the framework of its Board of Directors and its general meeting held under the chairmanship of the Governor of the BAM. In addition, the indicators communicated by the Banking Mediation Center as part of its activity report are used and communicated as part of the annual report on banking supervision. In the Annual Report on Banking Supervision, The BAM publishes statistical information on the measures taken by the BAM and the Moroccan Centre for Banking Mediation.</p>

	<p>The Governor of the Bank is invited during his press conferences to discuss bank/customer relations. These press conferences are streamed live on the bank's social network accounts and are also available on its YouTube account. The media have always widely reported on the content of information guides designed to educate the public on several aspects of bank/customer relations.</p> <p>Monitoring the application of customer protection policies may trigger enforcement action for non-compliance with some provisions.</p>
Assessment	
Comments	Regarding the outcomes on Consumer protection actions implemented by the BAM further disclosure could be done by reporting within the Annual Report on Banking Supervision also the actions taking and implemented on financial education for the financial consumer specifically.
Pillar V—Central Bank Official Relations	
Principle 5.1.	Government: The central bank discloses its relationship with the government. This includes the exchange of information, the coordination of policies, and financial aspects such as rules on profit distribution, clearly distinguishing the different roles and modalities this can take.
Principle 5.1.1.	The institutional relationship between the central bank and the government/its agencies is clearly defined and publicly disclosed.
Description	<p>The mechanisms where the BAM interacts with the government are clearly defined by law. The BAM's Statute provides in length the framework of interactions and relations with the Government as follows:</p> <ul style="list-style-type: none"> • The Bank's administrative autonomy. This means that the Bank is not dependent on or under the control of the Government (Article 1). The Bank may not seek or accept instructions from any third party, including the Government (Article 13); The positions of the Governor, the Director General and Directors are incompatible with government functions (Article 38). The website discloses and explains this arrangement. • The Government is dually represented in the Bank Board (the Treasury and External Finance Department and the Government Commissioner (Article 26); The Minister of Finance shall interact regularly with the Governor with a view to ensuring consistency of both macro-prudential and monetary policies with the other macro-economic policy instruments. (Article 6). The Bank holds monthly meetings with the Treasury and External Finances Department to exchange information on data and subjects of common interest related to public policies. • The Bank contributes to the Committee for the Coordination of Financial Regulators and the Monitoring of Systemic Risks, (CCSRs) where the Ministry of Finance may also have a seat (Article 10). The Bank may submit to the Ministry of Finance any measure of financial stability whatsoever (Article 10). <i>The BAM's website says as per its membership "It is chaired by the Governor of Bank Al-Maghrib and is composed of representatives of the Supervising Authority for Insurance and Social Welfare, the Capital Market Supervising Authority and the Ministry of Economy and Finance."</i> • The BAM implements foreign exchange policy as part of the foreign exchange regime and guidelines established by the government based on the BAM's opinion (Article 11 of the BAM's Statute). The <i>Office des Changes</i>, a public entity under the Ministry of Economy and Finance, is responsible for the definition, implementation, and enforcement of foreign exchange regulations (i.e., a rulemaking role on matters related to cross-border flows and FX administration), and the licensing and supervision of money changers. Constant exchanges take place between the Ministry of Economy and Finance (including Office des Changes) and the BAM's. There is no

	<p>disclosure or explanation regarding the processes for the fulfillment of the BAM's advisory role in matters related to Morocco's foreign exchange regime.</p> <ul style="list-style-type: none"> • The Bank Al Maghrib has a leadership role regarding the national financial inclusion strategy which is conducted jointly by the Ministry of Economy and Finance and Bank Al Maghrib as part as a participatory approach The Wali of Bank Al Maghrib Chairs the Financial Inclusion Strategy Committee.) Communication actions regarding the financial inclusion strategy are made in conjunction with other parties involved in this initiative. • The Bank is the financial advisor of the Government. The latter seeks its advice on all matters related to these responsibilities and the Bank may in turn make suggestions to the Government relating to the same matters (Article 15). This general advisory role with the government in practice could produce several interactions with the Executive; Ministries and Public Offices, disclosure of such interactions could explain better the important role that the BAM has as advisor, as it is already determined in the Charte de Gouvernance de Bank Al Magrib, Article 2 General (explanations) disclosure of such interactions could be done in in the Annual Report. • As stipulated in article 11 of the BAM's Statute, the BAM executes the Exchange Rate Regime determined by the Government to which Bank Al Magrib only gives advice. As it is established in the "Charte de Gouvernance de Bank-Al Maghrib" (Article 2) the BAM send to the Minister of Finance an annual letter dealing with Morocco's economic and financial situation and, most notably the annual budget law. The annual letter is not disclosed nor a general reference to its elements as terms and conditions in press releases or by other means of communication So it is not clear if the advisory obligation on Foreign Exchange matters is also implemented in the context of that annual letter to MoF in its role as Financial Advisor.
Assessment	<p><i>Core</i></p> <p>The BAM Statute is clear regarding the functions, responsibilities, cooperation arrangements with the government and other public financial institutions like the interagency arrangement of the CCSRS.</p> <p>More disclosure and explanation of the roles and interactions with the MoF and the Execute in general could be done using different means of communication.</p>
Comments	<p>To enhance transparency regarding the institutional relationship between the central bank and the government/its agencies, the BAM should:</p> <ul style="list-style-type: none"> • Disclose its relationship with the Government. Apart from the legal framework that is clear under the BAM's Statute, the regular exchange of information and coordination of policies with the government, or its agencies should be disclosed. • Consider the opportunity of formalizing the framework for exchanges between the BAM and the Department of Treasury and External Finance (related to monthly meetings), so as to enhance the understanding of the legal obligations of the BAM as advisor to the Ministry of Finance in accordance with the BAM's Statute. • Day to day interactions with specific public agencies like the Office des Changes and the coordination and exchange or information that takes place on a regular basis should be explained to the public regarding the commitment of the BAM under article 11 of the BAM's Statute regarding the advisory role of the BAM on foreign exchange policy. <p>More specifically, regarding the BAM's advisory role in matters related to Morocco's foreign exchange policy:</p> <ul style="list-style-type: none"> • Accessibility of information already disclosed would be enhanced by additional educational disclosures to explain the respective role of the MoF, the Office des

	<p>Changes and the BAM. This could be achieved by creating a section of the website dedicated to the actual design and implementation of foreign exchange policy, to supplement the information already provided on the reform of the exchange regime. In the meantime, this information could be included in the section of the website dedicated to the reform of the exchange rate regime.</p> <ul style="list-style-type: none"> • Furthermore, to help stakeholders, appreciate the BAM's actions in a capacity of advisor to the government in matter of FX policy, and better disentangle them from those taken to fulfil statutory responsibilities, consideration could also be given to disclosing elements of the BAM's advice relevant to the public, during implementation of the ongoing reform of Morocco's exchange rate regime. In that regard, consideration could be given to expanding the disclosure or explaining to the public the Annual Letter sent by the BAM to the Minister of Economy and Finance to the BAM's advisory role regarding Morocco's foreign exchange regime.
Principle 5.1.2.	The central bank publicly discloses its policies and terms and conditions governing financial transactions with the government, including its fiscal agent role, the management of the current account, deposit taking, advances, guarantees, loans and credit arrangements to the public sector, as well as agency services performed on behalf of the government.
Description	<p>The Bank is also the Treasury's financial agent for its banking operations and also provides the public debt management service (Article 16 of the BAM's Statute). This is a client-banker relationship and the information is determined as confidential unless the Treasury publishes it, (as it was explained by the BAM legal department).</p> <p>The financial services rendered by the Bank to the Government are remunerated up to the amount of the expenses incurred. The services provided by the State to the bank are also remunerated to cover the expenses (Article 17 of the BAM's Statute).</p> <p>The Government Commissioner monitors the compliance of financial operations (Article 41 of the BAM's Statute). A prior governmental agreement is required before any special reserve fund is established (Article 48 of the BAM's Statute). The Treasury receives the balance of the net profit (Article 48 of the BAM's Statute).</p> <p>The comparative statement of the accounting situation is monthly submitted to the Minister of Finance (Article 48 of the BAM's Law).</p> <p>The Bank is not allowed to guarantee the commitments of the State, to acquire debt securities issued by the State or to grant financial assistance to the State outside the conditional, capped and discretionary overdraft facility (Article 69 of the BAM's Law).</p> <p>The Bank collaborates with government authorities in statistics compilation and publication (Article 53 of the BAM's Law). Under Law No.19-6 the Office des Changes establishes and publishes the balance of payments, the trade balance, and the overall external financial position in accordance with international standards in this area. In addition, it publishes monthly foreign trade indicators which provide political and economic decision-makers with a real decision-making tool.</p>
Assessment	<p><i>Core</i></p> <p>While under the BAM's Statute central bank functions as banker and financial agent of the government is clear and disclosed on the website, especially the BAM's statute. Terms and conditions for these interactions are disclosed in the financial statements and the annual report.</p>
Comments	Transparency would be enhanced by additional disclosures of other legislation that determine roles, functions and interactions of other public financial agencies or the government vis a vis functions of the central bank. Disclosure of complementary legislation that determines roles and responsibilities to other institutions like Law No.19-06 should be linked to the BAM's legal framework.

	<p>Transparency of the BAM's action in foreign exchange management would be enhanced by an additional disclosure of explanations accessible to the public regarding the respective role of the MoF, the <i>Office des Changes</i> and the BAM. To enhance quality of the information, and ease of understanding of roles and responsibilities determined by legislation (like law No. 19-6) with other public institutions (<i>Office des Changes</i>) or the Ministry of Finance itself a link or reference to this other complementary legislation will improve the accessibility to such interaction or cooperation.</p> <p>As for the terms and conditions with public financial institutions that could derive from specific policies made in a formal or informal arrangement, they should also be explained and disclosed on the central bank website.</p>
Principle 5.1.3.	The instruments used in interaction (including the financial transactions) between the central bank and the government/its agencies are clearly defined and publicly disclosed.
Description	<p>The Bank maintains various relationships with different public entities and institutions (CNDP, ANRF, Conseil de la concurrence (the Competition Council), the Court of cassation, the prosecution service, the DGSN (The General Directorate for National Security, Customs Authority). Most of these relationships are the subject of agreements that are not disclosed to the public, but a press release is done every time and an agreement is signed.</p> <p>Some of the interactions involving other public entities may be governed by specific laws, apart from the Bank's statutes and banking law. This is the case of law 20-13 relating to the Competition Council, which addresses such interactions by highlighting the possibility of regulating the relationship by agreement.</p> <p>The importance for the BAM to interact with other public institutions is established under its strategic plan 2019-2023 Objective 2 that determines the need for the BAM to establish a network of knowledge sharing and cooperation with other institutions regarding financial and economic issues. Such Objective 2 seeks the expansion of partnerships and revamping the data collection processing and dissemination of information with domestic counterparts.</p> <p>To implement its Consumer Protection function and financial integrity strategy the BAM has created important institutional bilateral arrangements with the Moroccan Center for Mediation and the Foundation of Financial Education.</p>
Assessment	<p><i>Core</i></p> <p>Disclosure of agreements with public counterparts is done through press releases that explains the objective of the agreement and actions that will follow between the institutions as exchange of information, research coordination and any other action in general terms. This dissemination is done on a regular basis. Agreements are not published, so terms and conditions are not disclosed in a detailed manner.</p>
Comments	<p>Strategic objective 2 of the BAM "to increase its relationship with other Moroccan institutions" will benefit from a more comprehensive disclosure of Agreements and MoU with other domestic counterparts. To enhance clarity an index of this agreement with an explanation of its objectives and possibly a link to the press release could illustrate to the public the institutions that will make part of this network. Making public the agreements signed by the Bank (Government, public establishments, national financial agencies) after consultation with the entities concerned could consolidate the interaction and the objectives of the agreement (done a case-by-case basis). Ample dissemination of cooperation agreements could benefit both institutions and the BAM could enhance its role regarding knowledge sharing and cooperation actions in accordance with its Strategic Objective 2 of the Strategic Plan 2019-2023.</p> <p>A compilation of agreements of index of counterparts of the BAM could be disclosed on the website.</p>

	The BAM has created important institutional bilateral arrangements with the Moroccan Center for Mediation and the Foundation of Financial Education that should be further disclosed and explained to the public. Such important relations should be officially disclosed and explained. Official bilateral agreements should also be disclosed since they are different and independent institutions from the BAM.
Principle 5.1.4.	The central bank discloses publicly on a regular basis the outcome of its interaction (including operations) with the government/its agencies.
Description	<p>The main report that the BAM does regarding public financial transactions is the financial statements. The yearly annual report also has a section specific to public finances. And the monetary policy reports also have a section regarding public sector transactions. Those are done according to a pre-established calendar. Disclosure is done by topic also, please see Pillar IV on outcome by topic.</p> <p>Information below is published in the 2020 annual report (part 3: financial statements) and the 2020 financial statements released on the Bank-Al Maghrib website. The concern in particular:</p> <ul style="list-style-type: none"> • The balance of the current account of the public Treasury (p. 208, 229); and • Current account remuneration terms and conditions by reference to the 2009 agreement with the Ministry of Finance (P. 228). <p>The balance of the current account of the Treasury is publicly available on the Bank's website in the monthly accounting position.</p> <p>The disclosure of the implementation of the Foreign Exchange Policy determined by the MoF is also well disseminated and disclosed by the BAM, but clarity on the advisory role of the BAM should be clarified and reinforced.</p> <p>The disclosure of efforts made in conjunction with other institutions like the Financial Stability Report is done in conjunction with the other members of the CCSRS. In this same sense the Balance of Payments report done by the "Office the Changes" is also disseminated by the BAM.</p>
Assessment	<p><i>Core</i></p> <p>The outcome of the interactions with public agencies are disclosed throughout the annual report or specific reports like the Financial Stability report, bulletins and press releases.</p>
Comments	<p>In general, disclosure of domestic agreements regarding cooperation efforts and information sharing with public financial institutions and other public institutions will contribute to fulfilling the BAM objectives and mission. Permanent disclosure under the BAM website of this efforts will enhance understanding of the role of the BAM.</p> <p>Similarly, all bilateral agreements/ arrangements in terms of coordination of policies, decision making and exchange of information with the government or its agencies should be made available to the public through different channels; publications, website, press releases, etc.</p> <p>Transparency of the BAM's outcomes regarding the implementation in foreign exchange management would be enhanced by an additional disclosure of explanations accessible to the public regarding the respective role of the MoF, the <i>Office des Changes</i> and the BAM. To enhance quality of the information, and ease of understanding by the public of roles and responsibilities and cooperation with (Office des Changes) and the advisory role with the Ministry of Finance.</p>
Principle 5.2.	Domestic Financial Agencies: The central bank discloses its relationships with domestic financial agencies as relevant to the pursuit of its mandate and the execution of its functions.

Principle 5.2.1.	The relationship between the central bank and relevant domestic financial agencies is clearly defined and publicly disclosed, including cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information.
Description	<p>The relationship between the BAM and the other financial authorities (ACAPS, AMMC and the Ministry of Finance) is regulated by the Banking Law (Law 103-12 on credit institutions and similar bodies). This law sets out in detail the powers of the Systemic Risk Coordination and Monitoring Committee and its operating procedures (Articles 108 and 111) This law (Articles 108 and 111) sets out in detail the powers of the Systemic Risk Coordination and Monitoring Committee and its operating procedures which are also detailed in a decree No. 2-17-32 . Moreover, Article 111 of the banking law provides arrangements of sharing information <i>"The members of the coordination committee may, among themselves, exchange any information and documents necessary for the performance of their duties and for macroprudential supervision"</i>.</p> <p>The Bank contributes to the Committee for the Coordination of Financial Regulators and the Monitoring of Systemic Risks, (CCSRS) where the Ministry of Finance may also have a seat (Article 10). The Bank may submit to the Ministry of Finance any measure of financial stability whatsoever (Article 10). <i>The BAM's website says as per its membership "It is chaired by the Governor of Bank Al-Maghrib and is composed of representatives of the Supervising Authority for Insurance and Social Welfare, the Capital Market Supervising Authority and the Ministry of Economy and Finance."</i></p>
Assessment	<p><i>Core</i></p> <p>Regarding interagency interactions done under the CCSRS the modalities of the arrangements are determined by law, decrees, and published under the BAM's website.</p>
Comments	The publication of agreements with domestic financial institutions bilateral ones or multiagency arrangements are an important step as it is relevant for the pursuit of the central bank mandate and the execution of its functions. Cooperation and co-decision-making modalities and bilateral arrangements for the formal/informal sharing of information should be disclosed specifically with national financial authorities such as AMMC, ACAPS after consultation with them. Also important is to disclose and explain to the public bilateral interactions.
Principle 5.2.2.	The policies and instruments used in the interaction of the central bank with domestic financial agencies, and the outcome of the interaction are transparent.
Description	<p>The relationship between the BAM and the other financial authorities is regulated by the Banking Law (Law 103.12). The latter sets out the powers of the Systemic Risk Coordination and Supervision Committee (Articles 108 and 111). The membership and operating procedures of the Systemic Risk Coordination and Monitoring Committee are detailed in Decree 2-17-32, as published in Official Gazette N. 6622.</p> <p>The modalities governing the BAM's collaboration and cooperation (particularly in anti-corruption) with the other financial authorities are set out in agreements (not yet published).</p>
Assessment	<p><i>Core</i></p> <p>Different the BAM's press releases and reports, especially the financial stability report, disclose the outcome of financial stability actions done under the CCSRS multi-agency arrangement.</p>
Comments	It is important the publication/ disclosure of other important arrangements regarding cooperation, information sharing in other areas, like anti-corruption and specially report on the outcome of cooperation agreements in general. Bilateral arrangements or agreements with public financial counterparts like AMMC, ACAPS, regarding cooperation or information sharing should also be disclosed and disseminated using press releases, explaining the

	arrangement on the website and disclosing the agreements in accordance with the counterpart
Principle 5.2.3.	With respect to macroprudential policy, the central bank discloses its role, responsibly, and actions—and those of any other authority it collaborates with. The central bank also discloses any advice it receives.
Description	<p>Information on the composition and operating procedures of the Coordination and Monitoring Committee for Systemic Risks (CCSRS) is set out in Decree No. 2-17-32 of 14 September 2017, published in the Official Gazette issued on 16 November 2017. This committee is entrusted, by virtue of the Banking Law, with ensuring macro prudential supervision. Under the BAM's website it is disclosed the following: "This committee is tasked to coordinate its members' actions in the supervision of institutions under their control, coordinate the surveillance of bodies controlling the entities forming a financial conglomerate, identify systemically important institutions, oversee and coordinate their regulations, analyze the situation of the financial sector, assess and prevent systemic risks, and coordinate crisis resolution measures as well as actions of cooperation and information exchange with foreign counterparts".</p> <p>The Decree particularly defines the decision-making process for endorsing the macro-prudential recommendations of the Committee, to be implemented by its member entities. The decree also stipulates that the Committee is responsible for monitoring implementation of these recommendations among its members, in accordance with the "Comply or Explain" principle. The BAM's website explains to the public the role and responsibilities of the CCSRS. Under article 5 of Decree No. 2-17-32 the "Coordination Committee must establish internal rules of procedure and modalities of coordination." Such rules of procedure are not disclosed to the public.</p> <p>The meetings of the Systemic Risk Coordination and Monitoring Committee are covered by press release published on the Bank's website.</p> <p>The financial stability report discloses the outcome of the policies implemented on macroprudential issues and determined by this multiagency committee</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM has a clear legal mandate in relation to CCSRS, also its composition and operation procedures are being established by a decree. Therefore, information sharing, coordination of activities and the cooperation arrangement is well established and disclosed. After the meetings of the CCSRS there is a press release published on the official website of the BAM that communicates the main findings and actions regarding financial stability and macroprudential measures. The outcome of macroprudential measures done under the CCSRS mechanism is reported in the financial Stability Report.</p>
Comments	Disclosure of the internal rules of procedure will benefit the further understanding of the roles of each institution in a detailed manner.
Principle 5.2.4.	With respect to financial stability, all arrangements to restore or maintain financial stability are clearly disclosed, including arrangements on data sharing, liquidity support, and who is responsible for which type of decision or action at what stage.
Description	The same arrangement done for macroprudential measures is done for financial stability issues in general; the inter-agency arrangement is also the Committee for the Coordination of Financial Regulators and the Monitoring of Systemic Risks , (CCSRS) where the Ministry of Finance may also have a seat (Article 10). The Bank may submit to the Ministry of Finance any measure of financial stability whatsoever (Article 10). <i>BAM's website says as per its membership "It is chaired by the Governor of Bank Al-Maghrib and is composed of representatives of the Supervising Authority for Insurance and Social Welfare, the Capital Market Supervising Authority and the Ministry of Economy and Finance."</i>

	<p>The Bank has developed a "Financial Stability" section in its website displaying the conceptual framework for macro prudential policy, including the institutional framework (Financial Stability Committee, Systemic Risk Coordination and Monitoring Committee and Crisis Committee). The report on financial stability discloses yearly the decisions, actions and arrangements done by the central bank and in conjunction with other financial partners in Morocco.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM has a clear legal mandate in relation to CCSRS, also its composition and operation procedures are being established by a decree. Therefore, information sharing, coordination of activities and the cooperation arrangement is well established and disclosed. After the meetings of the CCSRS there is a press release published on the official website of the BAM that communicates the main findings and actions regarding financial stability and macroprudential measures.</p> <p>The outcome of financial stability measures done under the CCSRS mechanism are reported in the financial Stability Report.</p>
Comments	<p>Disclosure of the internal rules of procedure will benefit the further understanding of the roles of each institution in a detailed manner.</p>
Principle 5.3.	<p>Foreign Agencies: The central bank discloses its dealings with international organizations foreign governments, other central banks, and other relevant foreign agencies, including the nature of the involvement or interactions, and any obligations and commitments that may arise from these relationships.</p>
Description	<p>Articles 18, 19 and 20 of the Bank's statutes define cooperation with international agencies. It may also take part in negotiating external borrowing agreements (Article 16) and represent the Government in international financial and monetary institutions (Article 18). Participate in international financial agreements and undertake their execution, if necessary, for what concerns it (Article 19).</p> <p>The central bank discloses the instruments used in the interaction and financial transactions between the central bank and foreign agencies: The Bank's subscriptions in the capital of international institutions are detailed in the Bank's annual report.</p> <p>A section dedicated to the Bank's achievements in general cooperation and information exchange is included on the Bank's website. After signing the agreements there is a press release that is published on the central bank website. Press releases contain a brief explanation of the agreement and its objective. Some examples of these relations with other central banks are the following: Central Bank of West African States, Spain, Djibouti, Palestine, Portugal, Tunisia, Mauritius, Hungary.</p> <p>There is ample explanation regarding interactions and agreements with international organizations, the FMI and other, objectives, functions, and purposes are also disclosed in press releases.</p> <p>The central bank discloses regular reports on the interaction between the central bank and foreign agencies.</p> <p>The Bank explains these relations, terms and conditions of each financial agreement with the IMF in detail and its outcomes in the annual reports.</p> <p>A special section in the Bank's 2020 Annual Report (p. 206-207) highlights the Bank's achievements in general cooperation during the year under review.</p> <p>Agreements with foreign institutions are not disclosed.</p>
Assessment	<p><i>Core</i></p>

	The BAM statute contains clear provisions describing cooperation with foreign institutions, including other central banks. It also reports and explains instruments used in the interaction and financial transaction between the BAM and foreign agencies. These interactions are disclosed in annual reports and other regular reports published by the central bank, as well as financial statements.
Comments	<p>The BAM should also disclose general policies regarding its international interactions, its objectives regarding international cooperation generally and in a case-by-case agreement. If co-decision making modalities are envisaged this fact should also be disclosed. Ad-hoc arrangements for the informal sharing of information should also be disclosed. An explanation regarding international cooperation policies and strategies could benefit the understanding that the BAM does in the area.</p> <p>Since the agreements with foreign entities are not disclosed the range of practice is Core. The BAM is a very active central bank in the international area. It will enhance transparency practices to disclose and publish agreements when possible and in accordance with its counterparts.</p>
Principle 5.4.	Other Relations: The central bank discloses its involvement with private or semi-public institutions.
Description	<p>The Bank's participation in the capital of national and international organizations is governed by Articles 23 and 76 of the Bank's Statutes; under the BAM's Statute article 23 the Bank for general purposes may purchase equity holdings in public, national and international financial organizations that the BAM do not supervise.</p> <p>Information on the Bank's various participations is disclosed in the in note 6 of the 2020 Annual Report (Part 3, p. 225-226), such as the gross book value (acquisition value), the net book value (including provisions/reversals), the share, and the net position, and financial statements. This section also presents the accounting rules for valuation and provisioning.</p> <p>Statement B3 of the ETIC (additional information statement) relates to the Bank's holdings. It is included in the annual report of the external auditor.</p>
Assessment	<p><i>Expanded</i></p> <p>The BAM's Legal framework allows its involvement with private or semiprivate institutions. These relations are disclosed in the Annual Report and the Financial Statements.</p>
Comments	

Appendix I. Authorities' Response to Detailed Review Report

Bank Al-Maghrib (hereby referred to as "the BAM" or "the Bank") would like to thank the International Monetary Fund for giving it the opportunity to be among the first central banks to participate, on a voluntary basis, in the pilot implementation of the new Central Bank Transparency Code adopted in July 2020.

The BAM also would like to praise the quality of the intervention and the recommendations of the Fund's multidisciplinary experts' team, which conducted a virtual mission from March 23 to April 7, 2022, to review the Bank's transparency framework. The mission was conducted in the form of in-depth discussions with the Board members, the Bank's concerned departments, and representatives of its main stakeholders.

This mission is part of a strategic project set out in the BAM's five-year plan 2019-2023 and aimed at consolidating the Bank's transparency framework in a context characterized by reinforced powers and prerogatives, further to the 2019's amendment of the Bank's Statutes, as well as Morocco's transition to a more flexible exchange rate regime, combined with a preparatory process for an inflation targeting framework. As such, the project's main objective is to enable the public to better apprehend the Bank's missions and decisions and thus consolidate its trust. It is also aligned with the BAM's constant commitment to elevate its transparency framework up to central banks' best practices and standards.

The mission covered the CBT's five pillars, i.e., Governance, Policies, Operations, Outcome and Official Relations, and concluded that *"Bank Al-Maghrib has implemented expanded and comprehensive transparency practices in a number of areas, notably related to the primary mandate of price stability and shared mandate of financial stability. [...] This level of transparency enabled the BAM to gain the noteworthy trust of the stakeholders met by the mission and to safeguard its autonomy"*. Regarding the Governance pillar, the mission noted that *"the BAM's disclosure practice regarding its governance structure and framework is robust."* As for Policies, Operations, and Outcome pillars, it was underlined that *"the BAM has in place a comprehensive transparency framework for its primary monetary policy mandate,"* that *"the BAM's actions to fulfill its statutory responsibility in exchange rate policy are appropriately disclosed,"* and that *"The framework for macroprudential policy and financial stability monitoring is well-disclosed."*

The Bank has taken note of areas for improvement proposed by the Fund's experts that reinforce the roadmap already deployed as part of its strategic plan and following the CBT self-assessment exercise completed in 2021.

To this end, eleven key recommendations, related to the Code's five pillars, were formulated by the mission, some of which, relating for instance to risk management and external audit, have already been implemented. The remaining recommendations have been included in a roadmap, detailed in the appendix, which will be regularly monitored by a dedicated governance body within the Bank.

Actions defined in this roadmap are classified as: (i) "Immediate implementation;" and (ii) "Implementation subject to further analysis." The first category includes actions related to the

disclosure of additional information and/or pedagogical explanations that would enhance the understanding and accessibility by the public of the information already available on the Bank's website or annual report. This is mainly related to the Bank's legal nature and its specificities, the foreign exchange policy or the foreign exchange reserves management. As for the second category, it includes recommendations that would need to be further benchmarked and analyzed, before implementation, taking into consideration the Bank's environment, its legal framework, its strategic roadmap as well as the approval of relevant external parties where appropriate. These include primarily the dissemination of key debates and discussions that support monetary policy and financial stability decisions, and the publication of institutional cooperation agreements (national and international) on the Bank's website after consultation with the relevant organizations.

Finally, this mission has enabled the Bank, through the structured framework granted by the CBT, to further anchor its transparency culture which is now entirely embedded into its operational processes. The Bank plans to further strengthen this improvement dynamic by including a comprehensive and systematic review of its transparency framework at regular intervals in line with its strategic cycle.

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>1. Legal Framework: (i) Distinctively describe the BAM's functions as opposed to its objectives, as its objectives and functions are intertwined under the concept of missions in the law; and (ii) further elaborate on certain aspects of the BAM's governance on the website inter alia its legal nature, judicial review of its decisions, and legal protection of its officials.</p>	<p>(i) With regard to the explanation of the legal nature of Bank Al-Maghrib, the educational content that is published on the Bank's website, will be updated in line with the IMF team recommendation.</p> <p>As for the two other topics (ie., the judicial control to which the BAM's decisions are likely to be subject, and the legal protection of its officials), additional explanations will be also published in the website.</p>	<p>(ii) Bank Al-Maghrib will consider, based on a benchmark analysis, completing a didactic document further explaining its missions and the associated objectives.</p>

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>2. Risks Management: Enhance disclosures possibly by expanding coverage of the website to include: (i) A risk statement and information on developments of key risks; (ii) a high-level overview of key risks clearly mapped to the BAM's mandate and measures to mitigate these risks; and (iii) information about the Risk and Compliance Committee, and the Internal Coordination and Management Committee, including their composition, powers, roles, and responsibilities vis-à-vis risk management and the interaction between the main oversight body (Audit Committee) and the operational committees.</p>	<p>These recommendations are in line with the actions taken further to the CBT self-review. They have been implemented as follows:</p> <p>(i) A description of the process and the different approaches implemented to manage the financial and non-financial risks (by category) is presented in Bank's website: https://www.bkam.ma/A-propos/Gouvernance/Gestion-des-risques-et-continue-d-activitesis</p> <p>(ii) A high-level overview of key financial and non-financial risks and their mitigation measures will be presented in the Bank's annual report of 2021.</p> <p>(iii) Composition, roles and responsibilities of all the Bank's Committees and the interaction between the main oversight body (Audit Committee) were published in the website (organizational chart section).</p> <p>https://www.bkam.ma/A-propos/Organisation/Organigramme</p>	

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>3. Accountability Mechanisms: Enhance disclosures possibly by expanding coverage of the website to include : (i) Disclosures to reflect the BAM's commitment to ensuring that the external audit is independent and is conducted in accordance with Moroccan/international standards; and (ii) a description of the BAM's publication practices for the annual audited financial statements.</p>	<p>These recommendations are in line with the actions taken further to the CBT self-review. They have been implemented as follows:</p> <p>(i) The selection and independence criteria of the external auditor as well as the auditing standards applied by the Bank have been published in the website under the "Supervisory bodies" sub-section of the Governance section. https://www.bkam.ma/en/About-us/Governance/Supervisory-bodies/</p> <p>They will be also included in the annual report for 2021 (part II).</p> <p>(ii) The Bank's financial statement issuance practices have been published in its website, precising that: "The Bank's financial statements are posted on its website no later than May 31 following the end of the fiscal year in review and are published in the Part III of the Bank's Annual Report, governed by Article 50 of its Statute." https://www.bkam.ma/en/About-us/Financial-statements/Summary-statements/</p>	

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>4. System of Institutional Communications: (i) Publish a transparent policy on communication anchored in existing legislation and the BAM's transparency values; (ii) Include assurance of timely information to media/ journalist within the communications policy; and (iii) Develop a specific strategy for communications in accordance with BAM's general strategy and objectives.</p>	<p>(i) A global policy formalizing communication objectives, targets and channels is in the process of being finalized. It will be published on the Bank's website.</p> <p>(ii) Bank Al-Maghrib communicates with its various targets, including the media (conferences, press briefings, decisions, events, etc.) through its website and its social media accounts. In addition to these channels and especially for the media, the Bank handles annually more than 200 media requests in order to continuously meet information requirements of this target. Moreover, a special mailing is sent regularly to the media to inform them with the Bank's latest news. The Bank will set specific guidelines to further improve its turnaround times related to media inquiries.</p>	<p>(iii) The Bank's communication strategy is derived from its global strategy plan in support of its decisions and projects.</p> <p>It is shared internally with a dedicated annual roadmap. The Bank will study the opportunity to publish it in its website, based on a benchmark analysis.</p>

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>5. Financial Integrity: (i) Disclose more detailed information on its internal AML/CFT control activities on behalf of the structure in charge of this function, including statistical information on their completion rates; (ii) disclose outcomes of internal AML/CFT controls annually, including their oversight and effectiveness; and (iii) publish Information related to independent auditing of AML/CFT internal control policies and activities.</p>	<p>(iii) Internal AML/CFT activity is subject to independent internal auditing based on a risk approach. The Bank mentions, in its annual report, audit engagements completed during the year under consideration, including those related to the AML/CFT activity. Main internal audit findings and follow-up of implementation of internal audit recommendations, including those related to AML/CFT activity, are shared with the Audit Committee.</p>	<p>(i) (ii) The Bank provides a global description of its internal AML/CFT activity on its website. In addition, a detailed description of developments relating to the Bank's internal AML/CFT system will be presented in its annual report of 2021.</p> <p>Furthermore, an internal report provides AML/CFT qualitative and quantitative indicators on compliance. Reference is made to this report on the Bank's website.</p> <p>The disclosure of statistical data relating to this process is currently restricted by articles 15 and 29 of the law n°43-05 relating to AML/CF and the article 15 of the law n°22-01 relating to penal procedure.</p>
<p>6. Confidentiality Framework: Strengthen its dissemination and disclosure in the following dimensions: (i) accessibility to the public; (ii) articulate its institutional implementation in accordance with relevant Moroccan legislation (Law 31-13 on the Right to Access Information) and constitutional principles and explain it to the public</p>	<p>(ii) As per the law n° 31-13, the internal system describing the rights and process for accessing the information held by the BAM is now published in the Bank's website: https://www.bkam.ma/Trouvez-l-information-concernant/Droit-d-acces-a-l-information-loi-n-31-13</p>	<p>(i) An explanatory description of the BAM's practices for classifying information assets will be published on the Bank's website.</p> <p>An educational document describing the privacy and proactive publication policy followed by the BAM, with the relevant legal and regulatory references, will also be posted on its website.</p>

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>7. Monetary and Foreign Exchange Policy and Operations: (i) Consider publishing the minutes of the BAM's Board meetings or, as a first step disclose the main discussions and debates that support monetary policy decisions as reflected in the Board meeting minutes; (ii) add to the website a section dedicated to the actual design and implementation of foreign exchange policy; and (iii) disclose key elements of the annual letter sent to the Minister of Economy and Finance related to the BAM's advisory role with regard to Morocco's exchange regime.</p>	<p>(ii) An explanatory description of the history of the exchange regime and its recent reform is published on the bank's website: https://www.bkam.ma/Trouvez-l-information-concernant/Reforme-du-regime-de-change/Historique-du-regime-de-change https://www.bkam.ma/Trouvez-l-information-concernant/Reforme-du-regime-de-change/Mise-en-oeuvre-de-la-reforme</p> <p>It will be completed by information relating to the roles and responsibilities of different reform's stockholders (Ministry of Economy and Finance, Bank Al-Maghrib, Office des Changes).</p> <p>(iii) The advisory role of the BAM with regard to Morocco's foreign exchange regime and policy will be displayed in the website (as per IMF key recommendation 11 below).</p>	<p>(i) The Bank is currently considering the opportunity, on the basis of a benchmark analysis, and the specificities of the Moroccan context, to summarizing the analyses and discussions underlying the monetary policy decision, based on the minutes of the Board.</p>

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>8. Financial Stability and Stress Testing: (i) Define and disclose the key operational modalities that would be implemented in the event of an activation of the ELA framework; (ii) disclose further details about the methods of analysis and underlying data used for financial stability assessments; and (iii) publish further details about stress testing methods and results, and the use of stress testing results in formulating policy.</p>	<p>(i) The current ELA framework is briefly described in the financial stability section of the Bank's website: https://www.bkam.ma/fr/Stabilite-financiere/Cadre-analytique/Cadre-de-resolution-de-crise</p> <p>The revised ELA framework following the entry into force of the new Bank's Statute, will be completed as soon as the decree relating to the setting of the conditions for granting the state guarantee for providing ELA, is finalized and disclosed. After the publication of the decree, the other key terms of the ELA framework will also be disclosed.</p> <p>(ii) Disclosure of more details on the analytical methods and underlying data used for financial stability assessments will be made as part of the next issue of the Financial Stability Report to be published in July 2022.</p> <p>(iii) The section of the Financial Stability Report (FSR) relating to the methodological/ analytical framework and results of the macro stress test will be also more detailed in the next issue of this report (July 2022).</p>	

9. Macroprudential Policy: (i)

Publish within a reasonable time period minutes of the policy deliberations of the CCSRS, perhaps redacted to avoid any market-sensitive issues or as a first step, disclose the main discussions and debates in the committee; (ii) publish ex-post evaluations of policy actions that examine whether tools had the intended effects; and (iii) institute a customary process of public consultation (with published proceedings) prior to implementing new macroprudential tools or making major changes to the design of existing tools.

(i) The deferred publication of the redacted minutes of CCSRS meetings will be examined taking into account a benchmark analysis and the specificities of the Moroccan context.

(ii) Given the context of the downtrend financial cycle and the consequences of the pandemic crisis, some macroprudential instruments have not been activated (e.g., Countercyclical Capital Buffer, Systemic surcharge for Domestic Systematically Important Banks, Loan-to-Value Cap) . The publication of the ex-post evaluations of these instruments will be made after their activation. On the other hand, the temporal relaxation of the Capital Conservation Buffer (CCoB) by 50 basis points until June 2022, will be subject to an ex-post review in coordination with the banking supervision department.

(iii) The existing process for drafting regulatory texts includes a consultation phase with the banking profession before their adoption. The possibility of setting up a public consultation process before implementing macroprudential tools or making major changes to their design, will be examined, upon consultation with the General Secretariat of the Government, on the basis of a benchmark analysis, the

Key recommendations	Immediate implementation	Implementation subject to further analysis
		specificities of the Moroccan context and legal constraints.
<p>10. FX Reserves Management: (i) Enhance disclosures on the framework, policy objectives, investment and risk constraints, or benchmarks along with the framework for oversight responsibility possibly in a specific section on FX Reserves Management on the BAM's website; (ii) Disclose the applied methods for reaching investment and risk decisions along with supporting analysis</p>	<p>(ii) Information on applied methods for reaching investment and risk decisions along with supporting analysis will be disclosed in the Bank's 2021 annual report.</p>	<p>(i) Creating a specific section on FX Reserves Management on the BAM's website is currently examined, along with its other mission.</p>

Key recommendations	Immediate implementation	Implementation subject to further analysis
<p>11. Official Relations: Enhance the accessibility or the scope of current disclosures on the website in the following areas: (i) Explain the BAM's official relations with the MoF and other government bodies in an easy and understandable manner; if possible disclose terms and conditions of agreements; (ii) disclose and explain further to the public the BAM's advisory role on matters related to foreign exchange policy; and (iii) disclose international cooperation efforts with detailed information easily accessible by the public possibly in a dedicated session on the website.</p>	<p>(i) The official relations with the Ministry of Finance are broadly explained in the Bank's Governance Charter (Article 2), in reference of article 6 of the Status. This Charter is published in the Website. Opportunity to further detail this relationship and formalize the framework of exchanges between the BAM and the Department of Treasury & external finance, will be considered.</p> <p>(ii) This action had been considered further to the CBT self-review. The advisory role of the BAM with regard to Morocco's foreign exchange regime and policy will be explained in the website.</p>	<p>(iii) The Bank publishes communiqués on each cooperation arrangement, agreements, and other relations (reflecting the objectives and scope of the agreements). Further to our self-review, the Bank is considering the opportunity to disclose cooperation arrangements upon agreement with its counterparts.</p>