Islamic Banks in Morocco: Facts and Challenges

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Abstract : *Though the global financial crisis has strongly challenged the development models of conventional finance, currently the participatory financial industry, known as "Islamic Banking", is systematically becoming important in several countries. In Morocco, many citizens wish to invest in these banks to avoid 'Riba', which is forbidden by the precepts of the Muslim Sharia. However, the instruments of Islamic banks are limited in terms of insurance and taxation, which makes them more exposed to risk. The objective of this research, therefore, is to shed light on both the situation of this industry since its emergence in Morocco and on the factors which prevent the advancement of participatory products in Morocco as well. The research concludes that numerous challenges face the Islamic financial industry, including strict Shariah compliance, regulatory and prudential challenges, competition, lack of awareness of Islamic finance, lack of uniform reporting standards, complexity of regulatory and supervisory issues, lack of consensus among Shariah scholars, and the absence of a centralized supervisory body. However, despite these challenges, the Islamic financial industry is growing steadily around the world and is increasingly accepted for its potential benefits, including financing Morocco's priority sectors, banking the population and promoting social solidarity through the establishment of 'Zakat' funds. To closely examine these two points, the present article adopts a systematic literature review method, which is a review of existing literature.*

Keywords : ***Participatory Banking, Participatory Products, Islamic Finance, Morocco.***

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1. INTRODUCTION

Participatory finance represents a new way of providing financial services that cut out traditional finance systems. It is based on the principles of Islamic law and is founded in the Quran and the Sunnah. The economic crisis triggered by the subprime crisis in the autumn of 2008 has exacerbated public mistrust. (Guy & Bacher, 2011, p. 15). In this context, interest in participatory (Islamic) finance has grown as the global financial community has intensified its efforts to rebuild the international financial architecture on a more ethical basis.

Today, Islamic finance has become more competitive with traditional finance. In this way, Islamic banking has expanded worldwide, achieving an unusual growth rate in the industry. Islamic finance has grown rapidly in recent years although it remains more concentrated in certain markets, such as Malaysia and Morocco. It was only in 2007 that traditional banks launched their first alternative products. Several factors explain the timidity of this experience, notably the absence of a comprehensive approach to Islamic finance.

Since 2012 there has been renewed interest in this type of financing, driven by popular demand and, ultimately, by a gloomy international environment marked by depleted liquidity and a very remarkable increase in systemic risk. Thus, the publication of law n°103.12 on credit/ institutions assimilates organizations prepared by Bank Al Maghreb, with a chapter dedicated to participatory banks, in addition to the circulars required for their operation. So, what are the challenges and advantages of participatory (Islamic) banking in the Moroccan context?

To formulate a concise answer to this question, we have opted for a systematic review of the existing literature, which, unlike the narrative literature review, favours a methodical apprehension of the concept studied and generates structured and relevant results. Our paper will, therefore, be structured along the following lines: firstly, we will present our research method; secondly, based on analysis of the various publications in our database, we will attempt to anchor Islamic banking from both a theoretical and a practical standpoint. Finally, a synthesis of the main ideas of our literature review will be presented.

2. LITERATURE REVIEW AND METHOD

2.1 Method

This study aims to define the Islamic banks presented in the literature review. This analysis is conducted by following the steps of the systematic literature review.

2.2 The Systematic Literature Review

The systematic literature review originated in the medical sciences and was then transposed to various fields of research, such as management sciences.

2.3 Data Collection and Descriptive Analysis

Four online databases: Scopus, Cair, ScienceDirect and Scholar, were devoted to the literature. At the end, we obtained a database of 26 contributions (see Table N°1).

Table 1: The Database Covered by This Study

Database	Keyword search	Publication critic	Publication period	Type of document	Discipline	Results
Scopus	Islamic banking /Participatory banking Or Islamic Finance	Relevance	2014-2023		*Economics, Econometrics and Finance* Business, Management and accounting	**9**
Science Direct	Islamic banking				Economic Or business finance	4

	/Participatory banking Or islamic Finance	Relevance	2014-2023	Article, Magazine article	Business, Management and accounting	
Cairn	Islamic banking /Participatory banking Or Islamic Finance	Relevance	2013-2023		Economics and management	3
Scholar	Islamic banking /Participatory banking Or Islamic Finance	Relevance	2013-2023		Economics and management	**10**

Source: Prepared by the authors of the article.

Islamic banking is a subject which is covered by many disciplines. This interdisciplinarity encourages an Islamic banking approach, but it also requires an appropriate filtering process to be able to extract relevant and eligible documents from our database.

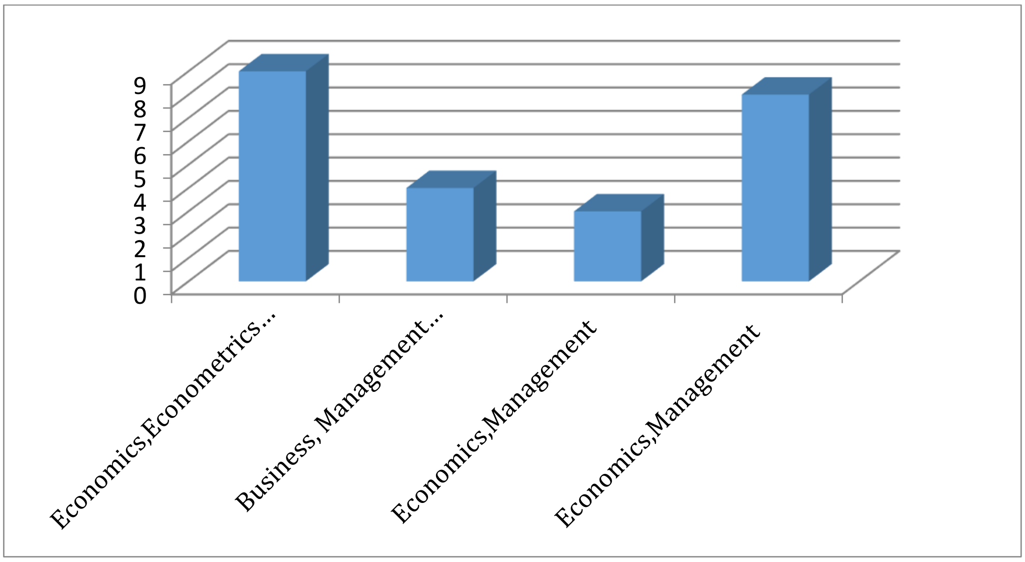

Figure 1: Distribution of Islamic Banking publications by disciplinary field
Source: Prepared by the authors of the article.

Once our database has been formed, a review of each document is carried out to identify those to be included in the data extraction and analysis. To this end, the process of filtering the collected data was carried out in two stages. Firstly, the title, abstract and bibliographic references of each document were examined, and the documents

were read diagonally. This initial sorting enabled us to classify our database into three categories: articles entirely in the field 30%.
Articles secondarily addressing our research question (44%) and articles to be eliminated (off-topic, editorial...) (26%) (see figure N°3).

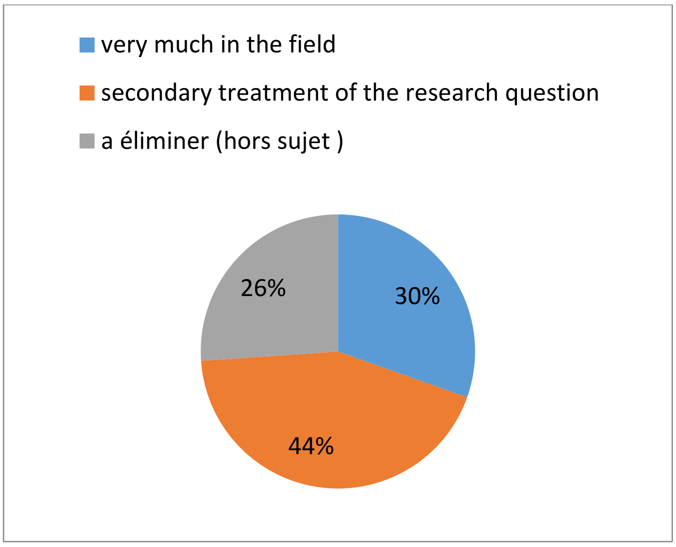

Figure 2: First Sort Results
Source: Prepared by the authors of the article

Following this initial sorting, we retained a final database of 17 articles.

Table 2: Distribution of published articles by journal

Title Review	Articles Amount
Financial economics review	3
Moroccan Institute for Scientific and Technical Information(IMIST)	7
International Management Sciences	2
French Journal of Economics and Management	1
International Review of Economics and Finance	1
International journal of economics, commerce and management	1
International journal of islamic business & Management	1
Research and Applications in Islamic Finance	1

Source: Prepared by the authors of the article.

Our review was then refined through a thorough and careful reading of 17 selected articles. Data extraction was based on thematic analysis, using NVIVO software. Thematic analysis is a horizontal approach that aims to identify recurring themes in different documents and the content that corresponds to them. It enables the analyst to consider relevant information related to the chosen topic (Gavard-Perret, 2012).

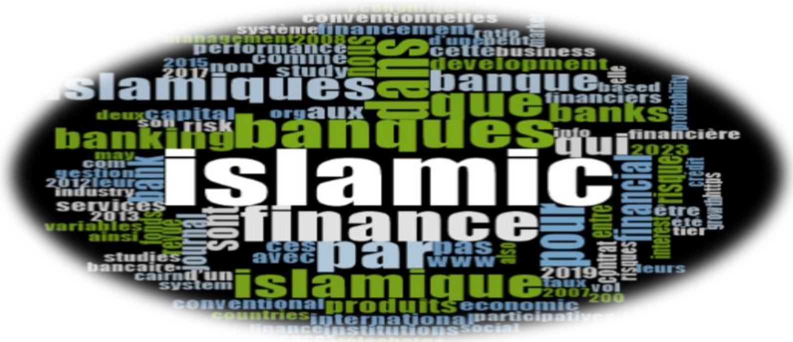

Figure 3: The 500 most frequent words in the analysis corpus.
Source: Elaborated with Nvivo12 software.

To understand the subject of the study on Islamic finance, it is necessary to carry out a literature review that examines the various theoretical and empirical links in this field of research. This involves first establishing a literature review to highlight key concepts.

Islamic Finance

What is Islamic Finance?

The concept of Islamic finance has always been the subject of several definitions and has been approached in different ways, according to the vision of each author.

Table 3: Summary of Islamic Finance Definitions

Author	Definition
(Quiry & le Fur, 2006; Chaar, 2008)	In economic terms, it differs from traditional finance. Such a difference presupposes the presence of religiously-based financial institutions and the monitoring of their activities by independent committees. These committees must have the power to decide whether the product offered by these institutions complies with Sharia principles.
(Hassoune, 2008)	Islamic finance is a segment of finance that qualifies as "ethical", in other words, finance that aims to offer and serve the real economy, based on a number of structuring principles.
(Guéranger, 2009)	Islamic finance is part of ethical finance because of its real and socially responsible nature and could meet needs other than financing.
(Mohamed Vall El Alem, Walid Bahloul, Dhafer Saïdane, 2019)	Islamic finance is a financing system based on the principles of Islamic law or Sharia. Unlike traditional financing systems, Islamic finance prohibits interest (riba), gambling (maisir) and uncertainty (gharar). Instead, it focuses on fair and transparent commercial transactions that benefit all parties involved. Islamic financial products include contracts such as mudaraba (partnership), murabaha (forward sale) and sukuk (sukuk). This means that Islamic finance is a financial system that respects the principles of Sharia law. Investments must be made ethically and responsibly, otherwise financial practices may be considered unfair or detrimental to society. Financial contracts are

	designed to ensure a fair distribution of risks and rewards between the parties involved.

Source: Ghazoui & Agourram (2022).

Islamic or participatory banking

Islamic finance also encompasses Islamic banking, Islamic insurance (takaful) and Islamic capital markets.

Table 4: Summary of Islamic Bank definitions

Author	Définition
(Sundara rajan & Errico, 2002)	*Islamic banks operate as commercial and investment banks. Theoretically, the activities of these banks can follow two models: the first is a fully Sharia-compliant model, whose operations are based on PPP principles, and the second is a hybrid model, whose (non-PPP) activities are aligned with those of Islamic banks operating as commercial and investment banks.*
(Kabir Hassan & Mervyn Lewis, 2007)	These banks are financial institutions whose ultimate aim is to create social cohesion and economic development. social cohesion and economic development, while relying on Islamic Sharia law for all their transactions, not just the prohibition of interest.
(Ibrahim &Hameed, 2009)	Each Islamic institution is governed by two organizational structures Plus other structures similar to their classical counterparts. The Board of Directors is the first entity, plus a second called the Sharia Committee.
Toussi (2010, P,37)	Although Islamic banks are Sharia-compliant, they perform the same functions as conventional banks. It defines a bank as an Islamic bank "when it acts as a payment system administrator and financial intermediary". The Islamic system requires this for the same reasons as the traditional system. Generally speaking, its existence is a response to the imperfections of the financial markets".
Mohammad Bitar, Philippe Madiès (2013)	An organization is considered Islamic when it adheres to Sharia principles in all its operations In order to ensure compliance, a committee is established within the organization to assess the conformity of its financial activities and services with Islamic law. As indicated by the AIBI (International Association of Islamic Banks), the Sharia Board is an independent body made up of three to seven consultants specializing in Islamic jurisprudence. These financial institutions are charged with financing socially useful activities and contributing to the advancement of the community as a whole while respecting the standards of a monetary system based on Sharia ethics.
Mr. Amine MOKHEFI 2011	An Islamic bank is an institution principally engaged in financial intermediation activities in the sense that has been developed above. They operate intending to make profits following Sharia law while taking into account the uncertainty surrounding the outcome of the operations financed. Indeed, when a traditional bank predetermines interest rates and their collection terms and procedures, it even divests its customers of the assets most essential to their survival, ensuring a return and recovery of the capital invested without taking into account the outcome of the transaction financed and the customer's situation. In this way, Islamic banking, through its participative approach, is a partner with whom customers can share their business results, whether profit or loss.

Source: NOUNA K. & AIT SOUDANE J. (2019)/Amine MOKHEFI 2011 /Mohammad Bitar, Philippe Madiès (2013)

History

The experience of rural savings banks in Egypt between 1963 and 1967 paved the way to the first private Islamic bank which was set up in 1975: The Islamic Bank of Dubai. The latter was created as a result of the establishment of the Islamic Development Bank (IDB) in Jeddah in 1974 (Bari & Radi, 2011). Since then, Shariah-compliant banking services have developed worldwide, in both Muslim-majority and Muslim-minority countries (Amrani and Najab, 2020).

Liberalization of financial regulation, financial globalization, technological evolution and product innovation are the main factors driving the industry's global expansion (Rashwan & Ehab, 2016). The financial crisis that swept the world in 2007 highlighted the resilience of Islamic banks in the face of challenges. According to (Hasan & Dridi, 2012), Islamic banks outperformed conventional banks in this crisis. The profitability of Islamic banks is less volatile than that of conventional banks (Hassoune, 2003).

Meanwhile, according to the latest statistics from the Islamic Finance Development Report (IFDI, 2019), the number of Islamic financial institutions reached 1,447 in 2018, including 520 Islamic banks in 72 countries worldwide. Similarly, total Islamic banking assets stood at $1,760 billion, representing a growth rate of 35% compared with 2012. According to forecasts, by 2024, the total value of global assets in the Islamic banking sector will reach US$2.175 trillion. As a result, Islamic banking is the largest player in the entire Islamic finance industry, contributing 71% ($1.72 trillion) of the industry's assets. This double-digit growth reflects strong investor and consumer interest in Islamic banking (Nouna K. & Ait Soudane J. (2019).

Fundamental Principles of Islamic Finance

Islamic finance is based on fundamental principles (Issouf, 2009), enabling us to social well-being, which remains the ultimate goal of Islamic finance. These principles are as follows:

The prohibition of interest or Riba

Riba (الربا)This term comes from the verb "raba" meaning "increase". It is therefore an increase in value and corresponds to two very different notions in the terminology of Western Finance: usury as well as the interest rate. The Quran repeatedly forbids the practice of interest.

Prohibition of Betting and Gambling Known as Al Qimar and Al Maysir

The majority of futures contracts are based on betting. Such practice is considered immoral and undermines the noble values of hard work and merit. In addition, its outcome is uncertain and encourages immoral practices, for example, the disguising of accounting and financial data, theft, espionage, insider trading, and financial data, to mention but a few.

Prohibition of Illicit Activities
Islamic finance prohibits investment in certain economic activities: prohibited activities such as gambling, alcohol and weapons, as well as in companies that carry out activities contrary to Sharia principles.

Profit-and-Loss Sharing (3P)
As explained above, Islamic finance prohibits interest that corresponds to zero or near-zero risk for the bank. The principle of jurisprudence adapted to this means that there is no profit for those who do not wish to bear part of the losses. Similarly, investors are not remunerated for refusing to take risks on their assets. We can compare investors in Islamic banks to shareholders, who receive dividends when they make a profit or lose part of their savings when they make a loss.

The performance of an Islamic contract is conditional on the profitability and quality of the project, ensuring that weal this repaid more equitably. Islamic financial instruments are risk-sharing contracts between providers and users of funds.

Backing a Tangible Asset
Acceptance of a financial transaction under Sharia law must : (1) be based on the existence of an asset. (2) be real. For a financial transaction to be accepted, in accordance with Shariah principles, it must be backed up by a real asset. This principle is very important as it enables traceability and, in particular, risk control. It is the principle of "Asset Backing", which contributes to closer relations between the financial and real spheres (Fakhri, 2018).

3. RESULTS AND DISCUSSION

3.1 Result

Participatory Finance in Morocco: History, Current Situation and Challenges
History of Islamic Finance in Morocco
By using a unique approach, Morocco adopted a two-tier banking system in 2007, combining both the traditional and participatory systems. The introduction of Islamic banking defied conventional methods and was different from the paths taken by other Arab-Muslim countries. Morocco is one of the few countries to have only recently authorized participatory finance, positioning it as one of the last Islamic countries to adopt such practices. The integration of participatory finance in Morocco has been influenced by a variety of factors, including the country's economy, international partnerships and diverse cultural identity. It is these elements that have shaped Morocco's position on participatory finance (Bensghir. A & Addou. K 2021).

In the 1980s, attempts to merge the young industry were uncovered through several banking investigations, such as WAFA Bank. Opinion on the merger of BANK with Bank Al-Maghrib to form ATTIJARI WAFA BANK was unfavourable despite a request for authorization from the relevant authorities. The Moroccan banking market caught the attention of Qatar's International Islamic Bank in 2003 during its second attempt. The bank had already expressed an interest in the market. A bank of mixed Qatari origin was planned but did not have the necessary approval from the authorities. Consequently, it appeared that Morocco had given priority to the first phase, the establishment of Moroccan Islamic banks through the local Islamic capital (El Hazzaouni,et al., 2011).

This does not preclude the use of Islamic capital from other countries, particularly during the second phase of participatory banking development. As a result, local authorities have authorized banks to consolidate their service offering with a range of products known as "alternative products": Murabaha, Musharaka and Ijara. In 2007, the Moroccan Central Bank (BAM) agreed to become an observer of the Islamic Financial Services Board (IFSB). Circular no. 33/G/2007, signed by the Governor of Bank Al-Maghrib, governs the use of these three "replacement" products and allows them to be marketed.

A few years later, the Central Bank opted for a gradual approach aimed at creating an environment conducive to the development of a participatory finance ecosystem. In 2013, it officially became a member of the IFSB.

Then, after years of waiting due to technical limitations and institutional and political constraints, Morocco finally defined a legal framework for participatory banking services in the Kingdom. To this end, two key measures have been implemented: the entry into force in 2014 of a new banking law that explicitly governs the activity of Islamic banks and similar bodies, and the creation in 2015 of a national Sharia Board called the "Sharia Committee for Participatory Finance) (CCFP)" (El Alem, et al., 2019).

At the end of a long process of institutionalizing participatory finance in Morocco, 2017 saw the gradual establishment of participatory banks with 44 bank branches that have finally managed to penetrate a promising Moroccan market. The year 2020 saw the launch of the Salam product to complete the range of Moroccan participative banking products. This agreement is governed by Bank Al-Maghrib circular n°1/W/17 and aims to promote the financing of production and working capital for businesses. As a result, four participative guarantee products have been launched, in compliance with the provisions of the Conseil Supérieur des Oulémas. In addition, further steps have been taken to integrate the other components of the participatory finance ecosystem, including Islamic insurance (Takaful) and Sukuk certificates.

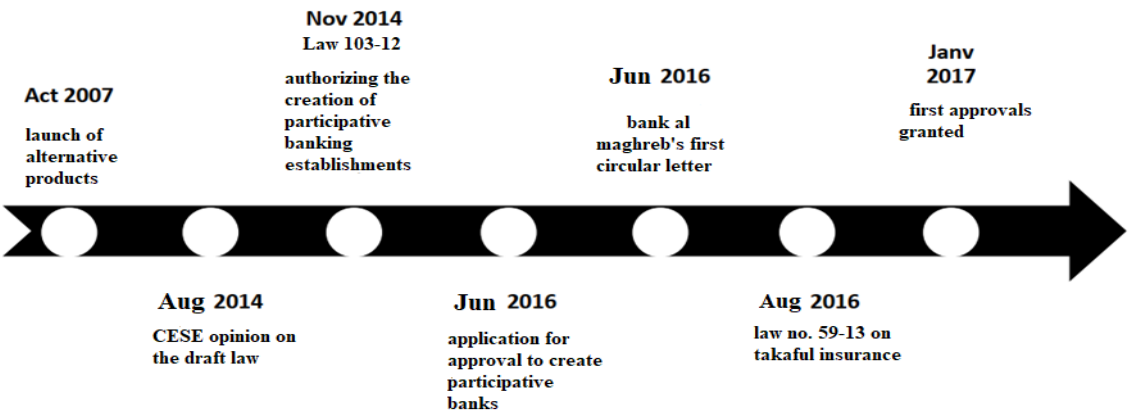

Figure 3: Chronology of the Thepre-launch of participatory banks in Morocco. Source :Ait Malhou F. &.A. Maimoun (2020)

Table 5: Summary of the Main Islamic Products

Contract type	Instruments	Characteristics
	Moudaraba	Financing with a predefined profit and loss distribution key. This is a customer-managed project. The parties agree in advance on the sharing of gains, and losses are borne by the investor (the bank) unless the customer neglects them.
Company contract Or Equity financing	**Moucharaka**	A form of private equity in which the bank undertakes to finance a project, and to share its profits and, where applicable, its losses based on a predetermined ratio. The contracting parties contribute a share of the capital, but one of them is responsible for managing the project. In principle, (possibly with periodic payment of a lump sum to the manager, as an advance, the amount paid is deducted from profits paid later).
	Mourabaha	A sales agreement under which the seller informs the buyer of the cost of purchasing the good and negotiates a profit margin with the buyer. price, including security deposit, and royalties generally paid in instalments). All terms are predetermined: cost price, profit margin (which remains constant in the event of late payment) and payment term.
Sales contract Or relating to commercial operations (application of profit margin)	**Salam**	a cash sales contract with deferred delivery of goods. For goods ordered from customers, the Bank does not act as a credit seller, but as a buyer, paying cash for the goods that its partners will deliver on time.
	Istisnaa	A contract for the construction of movable or immovable property against payment in advance: This is a commercial contract in which one party (al mostasnii) asks the other party (assanii) to manufacture or build for him in return for a payment in advance, in instalments or the future (similar to a Salam contract A variant of, except that the object of the transaction, in this case, involves the delivery of a finished product, rather than purchase as is).

Contract type	Instruments	Characteristics
Contract of sale/lease	**Ijara**	Acquisition/rental of property with/without promise to sell and/or lease renewal.
Non-remunerate loan	**Alqard Hassan**	They are interest-free loans.

Participatory Banking in Morocco: Current Situation and Challenges

The Challenges of Participatory Finance in Morocco

Since the authorizations were issued to the participative banks, they have begun to implement this long-awaited project. Some measures have been taken at various levels, particularly in terms of communication, mobilizing human and material resources, and fine-tuning the legal, tax and regulatory framework. However, there is still a long way to go to reach the level of development of traditional finance. The table below summarizes all the measures taken to implement the participatory finance project, along with the main limitations and potential avenues for improvement. (Ait Malhou F. and A. Maimoun (2020).

Table 6: Summary of All the Measures

Axis	Effort deployed	Limit
Offer	Participative banks provide much the same services as traditional banks (current accounts, savings accounts, etc.). Diversification of financial products for customers (Murabaha, with its three types: real estate, vehicles and capital goods).	- After more than two years in operation, the operational management of participative banks is limited to a single product, the Murabaha, with its three types. -Continued postponement of the adoption of products for businesses (Istisna'a, Salam...)
Communication	Use the term "participatory" rather than "Islamic" to apply a universal language and demonstrate that this participatory financial sector has no purely religious objectives. but rather the improvement and enrichment of Morocco's financial system. Popularization method (video capsules to popularize participatory finance and broadcasts to answer questions from interested parties hosted by the bank's specialists). Social networks: community managers language and convincing responses, interest in social networks and the quality of interactions -the use of Moroccan dialect Arabic to adjust the offer to market expectations, to be closer to customers and to facilitate exchanges. -Choice of names and slogans reflecting Islamic identity.	Despite the considerable communication efforts that have already been made, only 7% of Moroccans say they have ever read, known or heard about participatory finance. heard of or read about participatory finance, and 14% of Moroccans have seen or heard an advert for a participatory bank.

Axis	Effort deployed	Limit
Regulation and governance	-Regulatory support for new participatory products, offering them the same tax advantages as traditional products, -Social housing financed by Murabaha or Ijara mountahia bi-tamlikis exempt from value-added tax (VAT), -VAT exemption with deductibility of capital goods purchased through the product Murabaha product. -VAT at 10% for transactions carried out under the "SALAM" and "ISTISNA'A" contracts, as well as for other financing operations, -Subject SALAM and ISTISNA'A products to the same 10% VAT rate as other financing products, - The Central Bank (Bank Al-Maghrib) draws up and distributes a circular explaining how the deposit guarantee fund operates. -Sharia compliance: the role of the Commission for Participatory Financing of the Supreme Council of Ulemas, -The Central Bank (Banque Al-Maghrib) has introduced capital adequacy and liquidity ratio requirements. underdevelopment.	-Lack of technical details to complete the circulars, -Lack of an appropriate accounting system for participatory windows -The Sharia Compliant stock market index, as well as financial security for the participation of banks and participative windows in the Moroccan interbank tile clearing system (SIMT), are still in the design stage.
Insurance	-The creation of the legal framework for Takaful insurance through the publication in the Bulletin Officiel of law N°87.18 amending and supplementing law n° 17.99 on the insurance code and the introduction of Takaful, -the TakafulFund has legal personality and financial autonomy.	Delay in issuing an implementing decree to the Commission des Finances Participatives of the Conseil Supérieur des Oulamas, while Banque. operations are still not covered by insurance.
Sukuks	-Legal and regulatory framework for Sukuks in Morocco to guarantee legal certainty for investors, including for securitization. -Issuance of the first sovereign Sukuk in 2018. -Involvement of the Supreme Council of Ulemas in all legal and ethical aspects of Sukuk to ensure their compliance with Sharia law. -Commitment of the Supreme Council of Ulemas in all aspects	- Other challenges concern the tax (Lagtati, 2018) and accounting aspects. Operators need to understand what they are dealing with in order to do it properly.
Human resources and training	A wave of recruitment at participative banks, -Increased training and advisory services in participatory finance - Several diploma courses at Moroccan universities and schools.	- Significant internal recruitment and redeployment of existing skills instead of capitalizing on specialized human resources, - Training and consulting services are relatively expensive, -Lack of practical training in participatory finance

Axis	Effort deployed	Limit
Fintech	-launch of a mobile application enabling users of participative banks to manage their account transactions remotely (Smart Mobile, Al Yousr Connect....).	Limited awareness of fintech solutions, -High cost of research and development for participative banks, - Lack of expertise in the field.

Source: Ait Malhou F. and A. Maimoun (2020)

Overview of Participatory Finance in Morocco

The start-up results for participative banks have been very favourable. Indeed, according to Bank-Al Maghrib monetary statistics, outstanding financing at the end of August 2019 stood at AED 7.4 billion. By the end of December 2018 alone, this had risen to 75%, so let's just say that this record is simply fantastic.

Moreover, the main feature of outstanding financing is the predominance of Murabaha real estate, which alone accounts for 85% of outstanding financing. It's important to note that housing, particularly principal residences, is the number one financing requirement for many customers, who have waited a long time for a solution that suits their convictions. For its part, outstanding deposits at the end of August 2019 stood at AED 1.3 billion, a far cry from the AED 7.4 billion allocated to loans. (S. Chgoura, A. Hefnaoui).

Expert opinion

Abderrahmane Lahlou, an expert in education and finance, said the figures were relative as many participatory products were still not implemented, such as interest-bearing investment deposits. Certainly, we note that deposits are still under-attached, so banks won't be able to risk long-term financing. So, we will have to wait for the release of the circulars linked to the (Istisnaa) and (Salam) products. In fact, the former will bring enormous opportunities to property developers. The second is a deal for financing the company's operating capital.

In addition, Mohamed Talal Lahlou, a consultant and trainer in participatory finance, stated that participatory finance is a new industry in Morocco and that it will take 3 to 4 years to have a complete ecosystem. Also, according to him, the stock market index compliant with the principles of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) should be published in 2020. In addition, banks and companies are expected to issue corporate sukuk to finance their activities.

Ultimately, according to TaibAisse, expert and founder of the Aisse consultancy firm;the development expectations of the participatory banking system are promotive, as it needs to be proactive, innovative and dynamic. In addition, participatory banks should adopt policies of social responsibility, playing up their role as citizen banks.

3.2 Discussion

The literature review reveals many conceptual and practical advances in Islamic banking. This work can be summarized in the following points:

Regulatory Context

In 2014, Morocco began drawing up a set of rules to govern participatory banks (or Islamic banks). Bank Al-Maghrib, the country's central bank, has chosen to gradually introduce Islamic finance on its territory. Participative banks are subject to law 103-12, which governs credit institutions and similar organizations.

Launching Participative Banks
The first participatory banks were introduced in Morocco in 2017, and since then several institutions have received Central Bank approval to operate as Islamic banks. These include Bank Assafa (which is a subsidiary of Attijariwafa Bank), Umnia Bank (a joint venture between CIH Bank and Qatar International Islamic Bank), BTI Bank (which is a joint venture between BMCE Bank and Al Baraka Banking Group), Bank Al Yousr (a subsidiary of Banque Populaire), Bank Al-Tamwilwa Al-Inma (a subsidiary of Crédit Agricole du Maroc) and Dar Assafaa (a subsidiary of Société Générale).

Industry Growth
The participative banking sector has grown remarkably since its inception. Participatory banks are gradually expanding their branch networks, and their product and service portfolios are growing to meet customer needs.

Product and Service Developments
Alternative banks in Morocco offer a range of products and services in line with the precepts of Islamic Shariah law, such as current accounts, savings accounts, investment deposits, real estate financing and corporate financing. Participative banks are now working on the development of 'Takaful' insurance products and Islamic investment instruments, such as 'Sukuk', to further diversify their offering.

Perspectives
The growth potential of participatory banking in Morocco is very significant, given the growing demand for alternative financial products that are Sharia-compliant. The Moroccan government and Bank Al-Maghrib are supporting the sector's development through the establishment of a sound regulatory and legal framework, and by encouraging initiatives aimed at promoting Islamic finance. In the future, participatory banks are expected to continue their growth, expanding their branch network and diversifying their portfolio of products and services.

4. CONCLUSION
Participatory finance is a multi-dimensional concept, which can only be understood by examining its foundations and principles. By conducting a systematic literature review, we have tried to clarify this concept and identify the approaches that have made it operational. This paper has been designed to assess the state of progress of the alternative and participative finance sector in Morocco since its official launch in 2017. The main efforts deployed to develop this financial field had been enumerated on several levels, namely regulation, the proposed offer, etc.

The included regulations, the range of products on offer, etc., identify the main efforts made and the aspects that still need to be improved, particularly in terms of diversifying the range of products on offer, especially those aimed at businesses and investors. It should be noted, however, that there are still a number of challenges hampering the progress of this industry in Morocco, and it remains essential to keep up the pace of progress in order to meet the aforementioned challenges as they arise.

In the end, it has to be said that things are progressing well, but at a relatively slow pace although the partial assessment is on the whole satisfactory. This paves the way for the success of this project, which would attract investors from the Gulf countries and position Morocco as a hub for participatory Islamic finance in French-speaking Arab and African countries (Bousalam and Hamzaoui, 2016).

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