

PRESS RELEASE

Twenty-first meeting of the Coordination and Systemic Risk Monitoring Committee

Rabat, July 7, 2025

The Coordination and Systemic Risk Monitoring Committee (CCSRS) held its twenty-first meeting on Monday, July 7, at the headquarters of Bank Al-Maghrib, in Rabat.

After reviewing and approving the 12th edition of the 2024 financial stability report, as well as the financial stability roadmap 2022-2024, the committee notably analyzed the mapping of systemic risks, reviewed the results of the work of its monthly sub-committee, and examined, more generally, the situation of the financial system as well as observed and expected macroeconomic trends. The Committee noted the following:

- After showing a degree of resilience, the global economy is expected to slow further amid heightened uncertainties, mainly related to the new trade policy of the United States, and worsening geopolitical tensions. Despite this economic environment, national economy recorded sustained growth of 3.8 percent, which, according to Bank Al-Maghrib projections, would accelerate to 4.6 percent in 2025 before slightly declining to 4.4 percent in 2026. Inflation, which slowed markedly to average 0.9 percent in 2024, is expected to rise only moderately, reaching 1.1 percent in 2025 and then 1.8 percent in 2026. Regarding external accounts, after settling at 1.2 percent of GDP in 2024, the current account deficit would widen to 2.1 percent of GDP in 2025, before narrowing slightly to 1.9 percent in 2026, while official reserve assets are expected to strengthen further in the short term, covering more than five months of imports of goods and services. In terms of public finances, the fiscal deficit, excluding proceeds from the sale of State holdings, fell within one year from 4.4 percent to 3.9 percent of GDP in 2024, after having reached 5.4 percent in 2022. This consolidation is expected to continue, with the deficit reaching 3.4 percent of GDP in 2026. Treasury debt should drop from 67.7 percent of GDP in 2024 to 67 percent in 2025, and further to 65.6 percent in 2026.
- Under these conditions, bank credit to the non-financial sector is projected to accelerate to average 6 percent in 2025-2026, breaking with the deceleration observed in previous years, with average growth of 2.7 percent in 2023-2024. This dynamic has been accompanied by a rise in risks, with the rate of non-performing loans increasing from 8.4 percent in 2024 to 8.8 percent at the end

of April 2025, while the provisioning rate remains relatively stable at around 68 percent.

- The banking sector continued to strengthen its fundamentals, recording a 24 percent growth in its net income on a corporate basis, thanks notably to the strong performance of its market activities, which boosted return on assets to 0.9 percent and capital to 9.5 percent. This performance helped consolidate the sector's solvency, with average Tier 1 and total capital ratios of 13.5 percent and 16.2 percent respectively. On a consolidated basis, these ratios stood at 12.3 percent and 14.1 percent in 2024. Bank Al-Maghrib's macroeconomic stress tests confirm the sector's resilience to shocks while maintaining compliance with prudential requirements. The short-term liquidity ratio also remains above the regulatory threshold.
- Regarding Financial Market Infrastructures, the results of the monitoring and assessments once again confirm their strong resilience, both financially and operationally, indicating that they continue to present a low level of risk to financial stability.
- Similarly, the insurance sector maintained its positive trend. Its total turnover amounted to 58.8 billion dirhams, up 5.1 percent, with balanced growth of the non-life branch (+5.2%) and the life branch (+5%). The latter, in particular, resumed a more sustained growth rate after a sharp slowdown a year earlier (+1.8%).
- In terms of profitability, the sector generated net income of 4.4 billion dirhams, up 2.9 percent compared with 2023. This growth is mainly attributable to the performance of non-technical and financial activities, supported by a favorable financial environment. Return on equity (ROE) remained virtually stable at 9.6 percent, as the increase in capital was close to that in net income.

Unrealized capital gains rose sharply (+70.7%) owing to the strong performance of the stock market and declining interest rates. This contributed to an improvement in the sector's solvency margin, which reached 354.7 percent compared with 330.4 percent a year earlier.

In addition, stress tests revealed the overall resilience of insurance companies to adverse macroeconomic and technical conditions.

- In the pensions sector, the implementation of the first tranche of salary increases resulting from the April 29, 2024 social dialogue contributed to an improvement in certain financial indicators of public-sector pension schemes. Nevertheless, these schemes continue to suffer from structural imbalances, and their long-term viability has not improved significantly.
- It is therefore imperative to proceed with the reform whose strategic orientations were set out in the agreement reached at the end of the social

dialogue (two-pole system). This reform aims to ensure the long-term sustainability of the schemes by establishing a balanced pricing structure and reducing a large proportion of their uncovered commitments.

- On the Casablanca stock exchange, the MASI index has maintained a positive trend since the beginning of 2025, recording a performance of 25 percent as of July 1, continuing the trend observed during 2024. The average level of volatility increased in 2025, mainly due to the tensions observed in international markets at the beginning of April 2025. Average volatility stood at 15.45 percent at the end of June 2025, compared with 8.27 percent at the end of 2024 and 11.04 percent in 2023. The stock market liquidity ratio at the end of May 2025 showed a marked improvement, rising to 13.92 percent from 12.45 percent at the end of 2024 and 8.88 percent at the end of 2023.
- On the bond market, the downward trend in interest rates continued, with Treasury bills issues amounting to 57.7 billion dirhams at the end of May 2025, compared with 77.99 billion dirhams over the same period the previous year. Considering repayments of 40.3 billion since the beginning of the year, outstanding Treasury bills stood at 771 billion at the end of May 2025. Outstanding private debt remained stable at 278.6 billion dirhams at the end of May 2025, compared with 278 billion at the end of 2024.
- As of June 13th, 2025, the net assets of UCITS reached nearly 792 billion dirhams, up 21.2 percent on the end of 2024. This increase was driven in particular by net subscriptions from investors, which totaled 93.65 billion dirhams since the beginning of 2025.
- Regarding other categories of Collective Investment Undertakings, data at the end of March 2025 compared with December 2024 show that the total net assets of Real Estate Investment Funds amounted to 110 billion dirhams, a slight increase of 0.6 percent, while the total net assets of Capital Investment Funds stood at 3.52 billion dirhams, up 12 percent, and outstanding securitization funds amounted to around 17.64 billion dirhams.
- In terms of the quality and number of investors in the capital markets, the renewed interest shown by individuals during the previous half-year was confirmed, as reflected in the number of securities accounts opened, the number of UCITS and the volume of stock market transactions.

Lastly, the Committee welcomed the progress made in strengthening the compliance and effectiveness of the national system for anti-money laundering and combating the financing of terrorism, while calling for continued efforts in preparation for the third round of mutual evaluations by MENAFATF, scheduled to begin in 2026.

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