

**SME STRATEGY BY BMCE BANK**

# **SME Banking Conference- Dubai**

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**SME BANKING  
May 2013**

**BMCE BANK**



# SUMMARY

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- I. MOROCCAN BANKING SECTOR**
- II. CASABLANCA FINANCE CITY**
- III. MOROCCAN EXCHANGE REGULATION**
- IV. BMCE BANK : A MULTIDIMENSIONAL BANKING GROUP**
- V. SME STRATEGY**

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## MOROCCAN BANKING SECTOR

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➤ Under ***control and supervision*** of the central bank, Bank Al Maghrib (BAM), and the Ministry of Finance.



➤ Subject to a ***strict regulation*** :

- international standards (Basel Accords referring to recommendations on banking regulations).
- conservative rules for an appropriate control of the banking activity. Therefore, Moroccan banks :
  - Do not hold any foreign equity ;
  - Do not hold bad mortgage loans ;
  - Have very few assets abroad compared to their shareholders' equity (1.2%) ;
  - Have only 3.3% of credit liabilities on Moroccan companies given in foreign currencies ;
  - European branches have one main goal : collecting Moroccan community savings ;
  - African branches operate as credit and deposit banks.

=> A ***healthy system***, few exposed to international capital markets and highly supported by the central bank.



## MOROCCAN BANKING SECTOR

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- Plays an important part in the economic growth thanks to its actions in :
  - globalizing the access to banking services (impact of 1% on Gross Domestic Product growth) ;
  - granting credits and consequently, contributing directly to wealth and employment ;
  - supporting all national sectorial plans, therefore, enabling the financing of many important projects in agriculture, fishing, textile, automotive, ...
  - establishing synergy agreements with guarantee funds institutions in order to support investment and facilitate its access by SMEs.
  
- ⇒ A strong partnership between banks and public sector to serve Moroccan economy through all its operators.
  
- First Moroccan investor in Africa with 3 banks developing networks and attracting Moroccan companies to investment and export in the continent (BMCE Bank, Attijariwafa Bank and Banque Populaire).



# MOROCCAN BANKING SECTOR

➤ Around 19 banks with **6 principal banks** that share the corporate market :

## Public network of



## Moroccan private banks



## French banks in Morocco



## Other foreign banks



## Specialized banks



➤ **6 banks in Tangier Free Zone.**



# MOROCCAN BANKING SECTOR

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A diversified offer in terms of banking and “para-banking” activities.



- Credit lines : short/medium/long term ;
- Off-balance sheet loans ;
- Deposits ;
- Etc ...

- Consumer loans ;
- Leasing and Long Term Lease ;
- Factoring ;
- ‘Bancassurance’ and Credit insurance;
- Investment banking (capital markets, asset management, stock brokerage, custody and advisory) ;
- Etc ...

⇒ an important increase of branches, account openings, loans and deposits.

⇒ as well as the development of a wide range of services, especially in electronic banking (e-banking, mobile banking, ...) and cash management.

⇒ new orientation for Islamic finance development

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# CASABLANCA FINANCE CITY (CFC)

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- Project launched in 2008 and born from a public-private initiative that aims at positioning Casablanca as a regional financial hub in the continent and a premier gateway into the African markets.
- CFC targets also to sit a suited environment to provide the Moroccan place with the appropriate measures of attractiveness and competitiveness to international investors.
  - *The launch program plans international road shows from 2012 ;*
  - *The delivery of the first offices and the start of activity should take place in 2014.*
- CFC will be developed on the Singaporean model, positioning the city of Casablanca as a regional financial center allowing :
  - to operate on regional and international plans from the place of Casablanca ;
  - to settle regional or international headquarters there ;
  - to benefit from a particular tax regulation offering many advantages.
- CFC is opened to companies operating regionally and internationally:
  - Financial companies like credit institutions, insurance companies, brokerage firms in insurance and financial institutions in asset management ;
  - Non financial companies, meaning those which supply with professional services, as well as regional and international head offices.

*Are excluded financial companies which collect deposits or target for part of their activities private residents in Morocco.*



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# MOROCCAN EXCHANGE REGULATION

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- 1993 : Many important reforms in the field of ***convertibility of usual transactions***.

Without any special authorization and on behalf of their customers, banks are allowed to:

- make ***foreign trade transactions*** ;
- ***transfer earnings*** for non residents ;
- ***transfer dividends/benefits and salaries*** for foreign residents ;
- have at their ***disposal foreign currencies*** to cover professional fees abroad ;
- ...

- 1993 : Liberalization of ***foreign trade financing***.

- 1996 : Implementation of the ***exchange market*** in Morocco.

- free negotiation of the exchange rates ;
- futures contracts.

- 2004 : Institution of the ***exchange options system***.

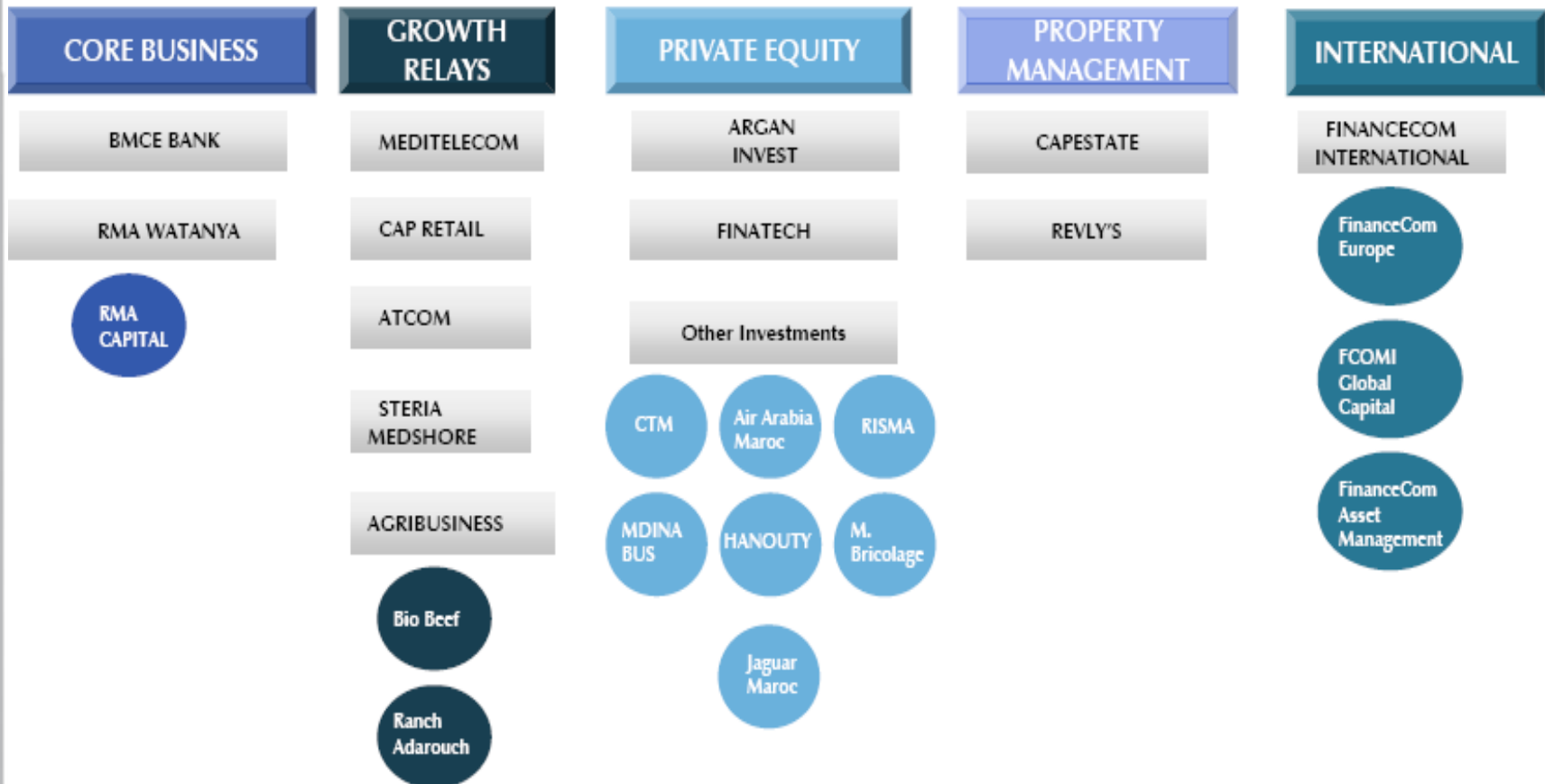
- 2006 : Liberalization of ***issuing and accepting international guarantees***.

- 2007: ***Free investments abroad*** for up to 4,5 million EUR per year and per company (creating companies, taking equity stakes in existing companies, opening rep. offices or subsidiaries). For investments in Africa, this amount goes up to 9 million EUR.

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# BMCE BANK : A MULTIDIMENSIONAL BANKING GROUP

## A DIVERSIFIED SHAREHOLDER STRUCTURE



# BMCE BANK : A MULTIDIMENSIONAL BANKING GROUP

## MAJOR PLAYER IN BANKING AND PARA BANKING ACTIVITIES



### International Activities

BMCE Bank International

BMCE Internacional MADRID



### Investment Banking

BMCE CAPITAL

BMCE GESTION

Casablanca Finance Markets

### Specialized Financial Subsidiaries

MAGHREBAIL

Maroc Factoring  
Factor de Croissance  
Groupe BMCE

EI EULER HERMES  
ACMAR

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# SME IN MOROCCO

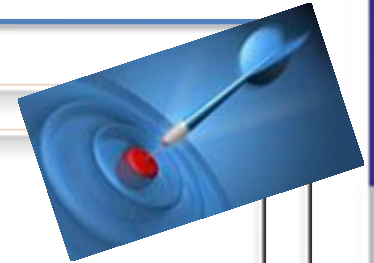
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- SME represent **95 % of the Moroccan productive tissue** and generate:
  - 50 % of private employment
  - 31% of exportations
  - 51% private investment
  - 20% of added value
  
- **Strong Government implication to boost SME growth**
  - Creation of ANPME (National Agency for SME Promotion)
  - Development of specific mechanisms of financing and supporting SME
  - New offer of guarantees to support each step of firms life cycle (CCG)
  
- SME has a **higher risk profile** than a corporate firm:
  - weakness of fixed assets and a domination of circulating capital
  - weakness of intangible assets
  - high inventory levels and frequent appeal to suppliers' credit
  - Average rate of industrial SME death, is around 17% per year (based on a sample of 1875 creations in 2004, 323 units disappeared)
  
- Weak appeal for banks financing
  - banks loans are only demanded by SME, for their operating needs, up to 25%
  - Most of SME debts are in the form of suppliers credits
  - Only 1 SME over three utilizes bank credits to finance its working capital requirements. Only 1 SME over 5, demands Investments loans



# SME OBJECTIVE & STRATEGY

**TO DOUBLE SME PORTFOLIO  
ON THE HORIZON OF 2013**



**STRATEGY OF CONQUERING NEW CUSTOMERS**

- Making prospection our daily priority
- Establishing aggressive approach of sales
- To implement a new entity of prospection

**NEW MARKETING  
APPROACH**

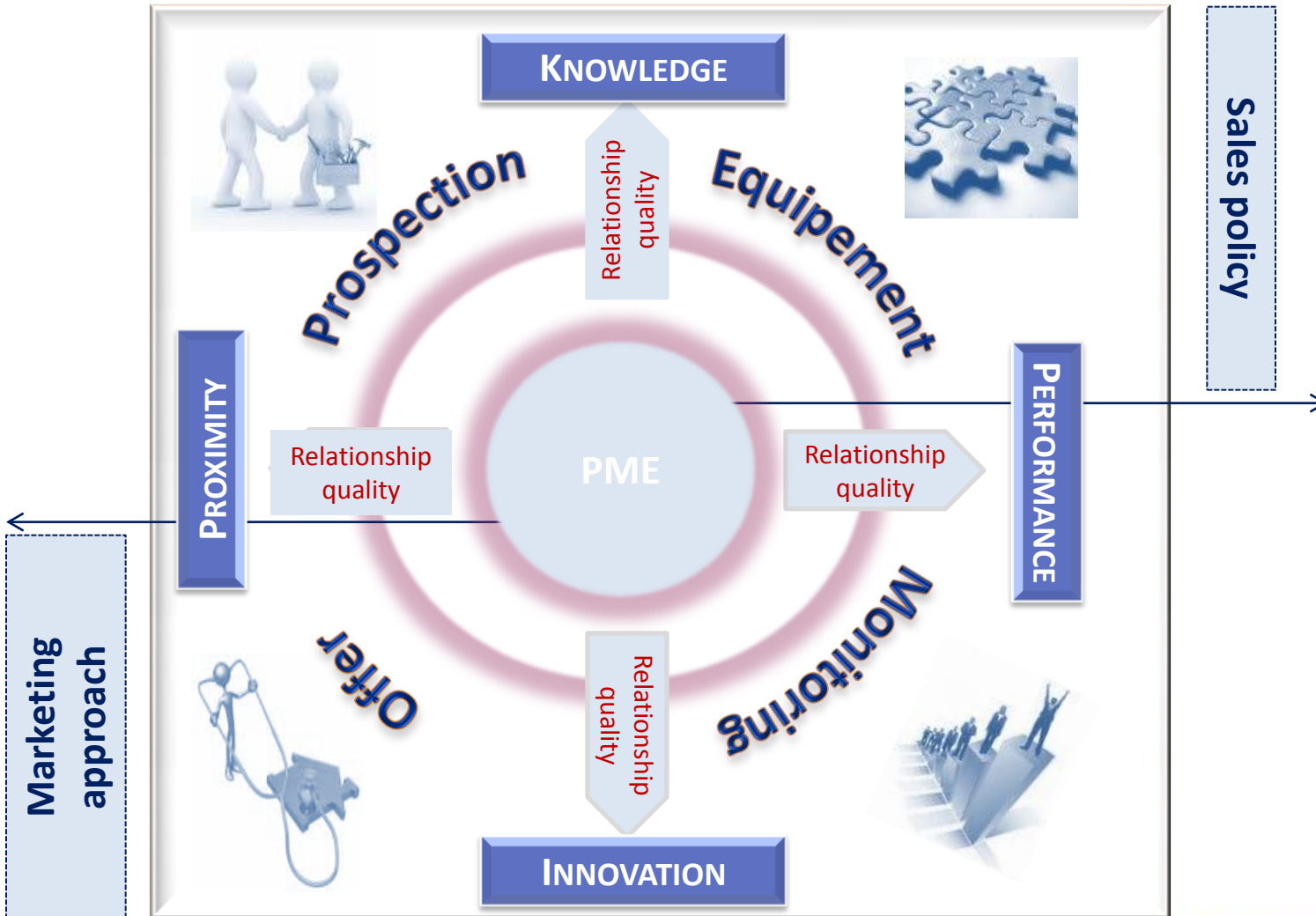
**AGGRESSIVE SALES  
APPROACH**

**BEST SERVICE  
QUALITY**

**MONITORING AND  
TRACKING  
INDICATORS**

**BMCE BANK** 

# STRATEGY OF CONQUERING SME



## STRATEGIC AXES: IMPLEMENTED MEANS

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**REINFORCING MARKETING DIMENSION**

**STRUCTURING SALES METHODS**

**SIMPLIFYING PROCESS AND IMPROVING SERVICE QUALITY**

**MOBILISING RESSOURCES**

**BMCE BANK, SME PARTNER**

**BMCE BANK** 

# REINFORCING MARKETING DIMENSION

## Market knowledge and customers classification

- Defining the Market
- Classifying Customers
- Structuring the market in sub segments
- Constituting dynamic data bases
- Defining and updating customers needs and expectations permanently.

## Marketing Offre

- Reinforcing advice and support dimension (SME Club)
- Adapting marketing offer
- Developing simple offers (package)
- Expanding credits range leaned on Guarantees funds (CCG, AFD....)
- Insuring products and services profitability

## Communication policy

- Affirming the bank's image as the partner of SME
- Defining media mechanism to support SME strategy : Points of sales advertising, Guides,...
- Developing partnerships be associated in events of CGEM, ANPME, CCG, ...

# SME CLUB : AN EXCLUSIVE CONCEPT BY BMCE BANK



SME Club is a training space where university professors, bank experts and BMCE partners share their professional experiences with SME.

Various themes and topics associated to the relationship Bank/SME are presented so that we can make the bank more accessible to SME (for example: treasury, management, investment loan, international trade...)

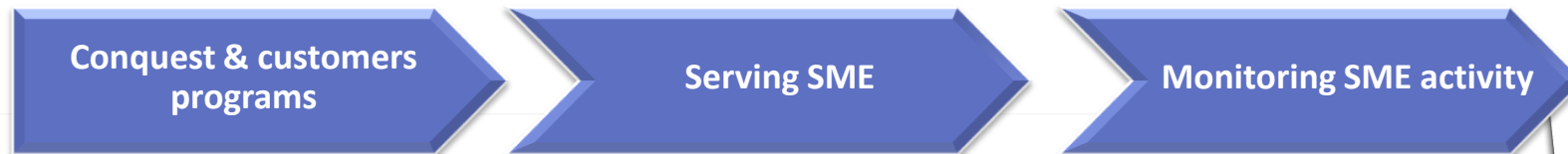
SME Club is a support service responding to a marketing choice for differentiation to :

- be closer to our SME customers
- strengthen our image of a partner bank of SME
- facilitate the mastering of the technical banking environment

This new concept has been developed in close collaboration with Hassan II University which will provide SME Club alumni with a certificate of accomplishment.



# STRUCTURING THE SELLING APPROACH AND REGIONALIZATION IMPLEMENTATION



- Prospecting new customers to double and diversify our portfolio

- Equipping new customers

- Equipping current portfolio

- Valorizing SMEs

- stimulating sales practice

- Optimizing Processes

- Launching of 8 regional directions

- Defining SME loans levels of delegation

- Establishing monitoring indicators

- Following up production

- Organizing commercial Challenges and prime times

- Monthly meeting and animation

- The 8 BMCE regions are not simply commercial relays but they represent real decision taking structures
- The implementation of regionalization policy witnesses BMCE Bank will to insure high quality services and to accelerate decision making in terms of loans granting and financing regional economies.
- The regionalization Insuring quality and better serving SME.

# POSITIVE FIRST CHECK UP OF SME STRATÉGIE 2011-2013

SME positioning  
reinforced thanks to

Proximity:  
opening of new  
Business centers

Prospection  
entity

Reinforced  
monitoring

Products and  
services

2012: Positive Impact

Accounts opening  
objectives 2012  
reached at 109%



Growth in all  
profitability  
indicators

Portfolio  
Decentralization



Increase in  
deposits and  
accorded loans

Production is in line  
with SME strategy  
Business Plan



Net banking  
income has increased  
by 50%, thanks to new  
SME customers

BMCE BANK



BMCE BANK



البنك المغربي للتجارة الخارجية

NOTRE MONDE EST CAPITAL

Thank you !

BMCE BANK 