The Microcredit Sector in Morocco
Pre and Post Crisis

"Grameen-Jameel Microfinance Limited took a close look at the Moroccan Microcredit sector crisis, its causes, how the sector reacted and the lessons learned. This paper is based on Grameen-Jameel's experience in Morocco and on testimonials of individuals working in the sector. While this may not present the full picture nor defines the microcredit sector as a whole in Morocco, it is meant to demonstrate the facts which were made available and what the microcredit sector went through, and how it has recuperated and changed in Morocco over the last five years." Quote by Julia Assaad General Manager of Grameen-Jameel Microfinance Limited – June 2012.

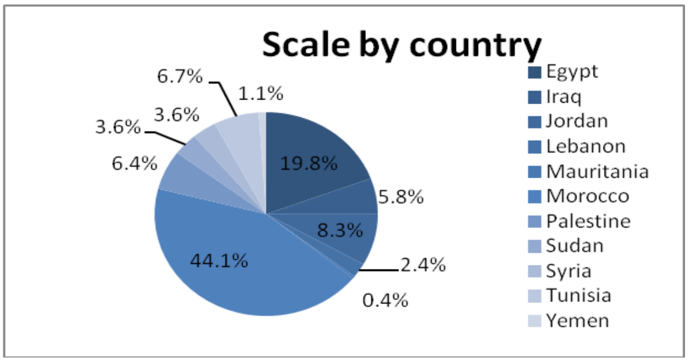
2005-2007: The initial success of the Microcredit sector in Morocco

The microcredit sector in Morocco has been considered a leader in the Middle East and North Africa (MENA) region and a recognized success story in the microfinance sector globally. This success was largely attributed to the support of the Moroccan Government having established a Microcredit Law in 1999 and established funds to support the growth of the sector, as well as foreign funders and donors who supported the growth of the sector, and the local talent in Morocco.

This growth was fuelled by a strong demand for financial services to the unbanked, dissatisfaction of conventional financial systems, and the existence of informal income generating activities with a high need of funding and technical assistance.

Thirteen microcredit institutions were established in Morocco, which quickly grew in a sustainable manner and reached over 1.3 million clients (the largest outreach in the region), serving 44% of clients reached in the Arab World. The largest 4 MFIs; Zakoura, Al Amana, Fondation Banques Populaire and FONDEP represented almost 90% of portfolio outstanding in Morocco. These institutions were some of the best performing in the world and the growth of the sector was single to none, which became quickly acclaimed.

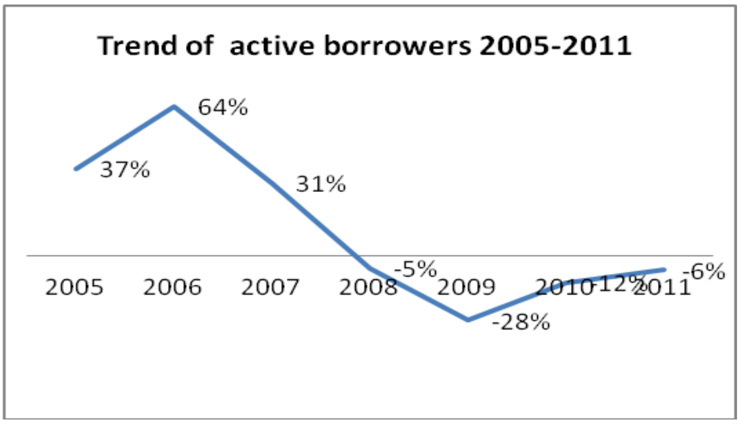
Below is a table demonstrating the scale of outreach by country in MENA:



Source Sanabel (2010)

2007-2009: The Beginning of the Microcredit Crisis in Morocco

The Moroccan microcredit sector growth in 2005-2007 which peaked to over 60% in 2006, was followed by a slowdown in activity and a deterioration of portfolio quality. In 2008, the first signs of the repayment crisis were beginning to be seen, which was labelled the ‘microcredit crisis’.



Many industry analysts and specialists attribute the repayment problems to exuberant and unsustainable growth, limited internal controls and cross indebtness.

In 2012, CGAP conducted a case study[1] in four regions of the world which have experienced a growth crisis, including Morocco. The study revealed that in all four regions the problem of arrears crisis in the industry was linked to three areas of vulnerability:

1. Market competition that fosters multiple debts for customers
2. Limited MFI monitoring systems
3. Erosion of repayment culture among customers

On the same areas of intervention, institutions and their personnel were driven to respond by relaxing on customer selection criteria, granting of loans and the erosion of repayment culture among customers. The latter were no longer in a logical and unique relationship with their long-term institutions, provided they had the choice between several bids on the same products and within the same territories. The average non-renewal of loans was around 35%, creating a strain on human resources for institutions. Loan officers are forced to race for new customers to maintain their performance and bonuses, and operational costs increase in terms of prospects, promotions and new customer initiation.

Information systems for most microfinance institutions (MFIs) were built in house, which resulted in lack of capacity to handle large volume of transactions and the size of the growing portfolio; the reporting did not always reflect the true picture of their field operations, yet this was only diagnosed

[1] http://www.lamicrofinance.org/files/27699_file_croissance_impayes_solutions.pdf

at a later stage. The migration towards new banking systems in 2007 revealed problems in portfolio at risk (PAR) figures and portfolio management.

The high concentration of microcredit institutions in urban areas led to cross-indebtedness, which was estimated at 30% between 2008 and 2009 between the four largest MFIs in Morocco, and was later reduced to 15% in 2010 and 2011 thanks to the efforts made by the MFIs to exchange client negative data.

Since 2007, the National Federation of Microcredit Associations, the coordinating body for the industry, was no longer implicitly informed of plans to expand MFIs. The microfinance mapping tool that was developed to provide geographical information regarding MFIs had not been updated since 2006. It was not until February 2012 that the Centre Mohammed pour la microfinance took over the project to update the tool and invited all the players in the industry to sign an agreement and commit to providing data regarding their territorial presence on a quarterly basis.

From late 2008, the portfolio risk began to grow considerably from an average less than 1% at sector level between 2003-2007 to over 5% in 2008 and over 10% in 2009 and 2010. The cost of write offs became one of the major costs for microcredit institutions, weighing heavily on their profitability and creditworthiness.

Since 2009, the portfolio of the entire industry has shrunk on average by 10% per year, due to measures taken by several institutions to maintain their portfolio at an acceptable quality level and reduce the risk of cross indebtness for their customers.

Most institutions since 2009 have adopted restrictive measures to limit joint customers in their portfolio by prohibiting granting loans (up to a certain amounts) for clients already active in other MFIs and have completely prohibited providing loans to defaulting clients in other institutions. Monitoring cross indebtness was made possible through the establishment of a system of exchange of customer information between the 4 largest institutions; this free, informal ‘exchange of information’ (a form of informal credit bureau) was introduced by Al Amana working closely with the microcredit institutions in Morocco. This informal system is currently accessed by almost all MFIs in the country.

In 2011, Thirteen Moroccan MFIs served close to 800,000 active customers[2] (of a population of approximately 32 million) and managed a loan portfolio estimated at US $552M. Group loans represented 70% of the total amount outstanding and the average loan size remained at US $ 720.

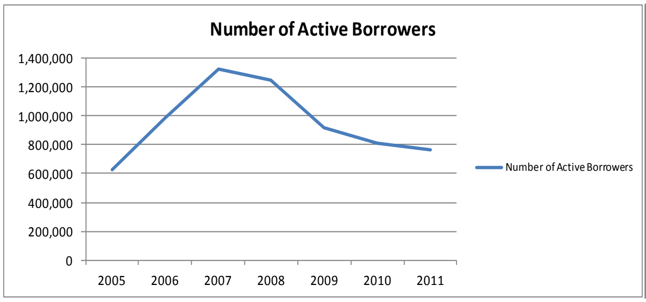
The potential of microfinance in Morocco is estimated at 3.5 million micro-entrepreneurs, bringing the microcredit penetration rate at approximately 23%. Taking into account cross-indebtedness estimated at 15%[3], the effective penetration rate was reduced to 23% from 37%. In some areas we

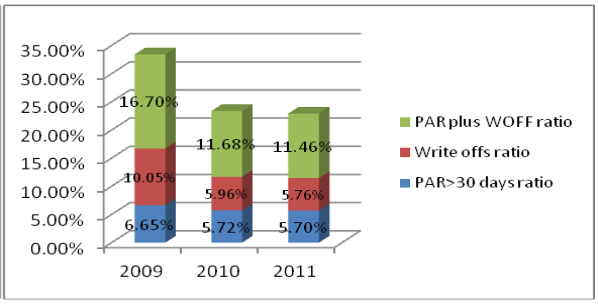
[2] Industry figures at the end of September 2011
[3] Figures estimated by the Central Credit Register

note a concentration of microcredit institutions, and in others we note a relatively low coverage, especially in rural areas. Targeted active customers are often micro-entrepreneurs with very small scale income generating activities, mostly located in urban and suburban areas. Some institutions maintain a strong presence in rural areas and their portfolio in these areas has evolved very quickly to match its portfolio in urban areas after only four years of intervention in rural areas.

The decrease in loan portfolio size was accompanied by an improvement in the quality of the portfolio with a portfolio at risk greater than 30 days of 6% in 2011, down two percentage points compared to 2010. The portfolio at risk in 2009 amounted to $ 41 million and the value of write offs reached almost $ 62 million.[4]

Below tables demonstrate the trend in number of active borrowers from 2005 to 2011 and the portfolio at risk changes from 2009 to 2011.





N.B The average PAR > 30 days (including write offs) for the Moroccan Microfinance sector was <3% pre 2008.

[4] The 2011 figures are estimated from data reported by Institutions on the mixmarket or the data of partners of Grameen-Jameel on the SEEP

Zakoura Case Study

Zakoura Microfinance Foundation (FZMC) was founded in 1995, and since its inception, positioned itself as a microfinance institution with a strong social mission of providing both financial and non-financial services to the poorest people of Morocco with special emphasis on women. In 2008, FZMC had a network of over 400 branches and satellites and employed 1,744 individuals and served more than 300,000 clients.

Between 2005 and 2007, production in FZMC increased by a multiple of 4.7, with a growth in number of active clients skyrocketing from 198,301 to 443,016 clients. The portfolio continued to grow in 2008, with a reported PAR > 30 days of 2%. Zakoura won numerous awards (innovation prize – transparency award) and was rated the number 1 MFI globally by the Mix Market. They also received regular performance ratings of 'A' by rating agencies. Zakoura was clearly considered a solid MFI with positive performance indicators during that time.

When the decision was made to open branches and expand the operation focusing on market share positioning (being the Number 1 MFI in terms of number of clients reached), there was no strategic plan and no long-term vision outlining production, financial objectives and introduction of controls. Growth was drained by opening multiple branches and recruiting more staff in the field, often this network expansion has been made without preliminary market study or profitability analysis given the focus to grow rapidly. The introduction and rapid spread of individual loans since 2005 enabled clients to receive more than one loan with larger amounts. Solidarity group loans and individual loans were issued and monitored in an uncoordinated and decentralized manner (This was later detected).

The rapid growth fuelled by a strong demand lead to rapid recruitment and training (which was often insufficient). The lack of appropriate control guidelines and auditing exacerbated the deterioration in portfolio quality. Operationally, information systems (MIS) were outdated and reporting was done through a primary technology coupled with Excel sheets. In 2007, a new MIS system was purchased.

The institution did not have a clear positioning and it was faced with the public image as a socially responsible business with no rigorous monitoring system and control system. This distracted the institution from its social mission forcing it to change practices in order to collect bad debts. Yet this in turn caused a rebellion of the clients who interpreted the new practices of Zakoura as opposed to its social mission.

In May 2008, FZMC decided to migrate their existing information system towards a new banking system, which would have the capacity to support their increasingly large portfolio. Upon completion of the MIS integration across Zakoura's network, it became clear that there was a problem with arrears, that is when they realized that portfolio at risk figures were much larger than perceived, with a PAR > 1 day being above 30% instead of the 2% previously thought. In December 2008, the outstanding portfolio decreased significantly to 309.647 active clients and 333,500 active loans and PAR escalated further to over 30%.

The main causes for Zakoura's crisis was due to *unsustainable growth with insufficient capacity and infrastructure* to monitor a portfolio that size; *lack of internal controls*, having in place very lax policies which were not well coordinated across the branches and decentralized; and *cross indebtness* leading to over indebting clients. The *absence of proper MIS* on the portfolio quality, *and absence of coordination at sector level* (no credit bureau and no sharing of information between microcredit institutions) prevented the institutions from detecting the problem sooner.

In May 2009, Zakoura reported a PAR > 30 days of over 30% and an announcement was made of the merger of Zakoura and Fondation des Banques Populaires (FBP), the 3rd largest MFI at that time in Morocco. All debts of Zakoura to funders, including Grameen-Jameel's guarantee (USD 5M guarantees against MAD 100M financing provided by a local bank) and local banks were settled.

Zakoura's healthy portfolio (estimated to be one third of the total client base) was absorbed into FBP and integrated exercising FBP policies and procedures. While the unhealthy portfolio (approximately two thirds of the total client's base) were moved to collections, recovery and eventually written off. FBP aimed to capitalize on the solid resources and infrastructure of Zakoura, yet cleaned or wrote off the unhealthy portfolio of Zakoura. A process of consolidation was conducted over a period of 2 years. Zakoura has seized to exist as an entity since 2010 and was ultimately was absorbed by FBP.

While the Zakoura crisis did not initiate the overall microcredit crisis, it certainly had an impact on the overall microcredit crisis. Most MFIs seemed to face the same issues detected by Zakoura, yet the scale was different.

2009-2011: Anti microcredit crisis plan

The microcredit sector in Morocco is under the supervision of the Ministry of Finance and regulated by the central bank. Prior to 2008, the involvement of the central bank was relatively limited. In 2009 and 2010, regulators and supervisory authorities, in this case the Central Bank (Bank El Maghreb), realized the importance to take action given the quick deterioration of the sector from 2008 to 2009, and hence dictated a set of prudential regulations for the microcredit sector in the forms of circulars to set the risk and provision guidelines for non-performing loans, and set guidelines for internal controls, governance and reporting.

In the last two years, several measures have been taken by the industry to strengthen its internal capacity, to introduce stricter controls ensuring policies are implemented to contain the repayment problem. This includes going 'back to the basics' of client selection, proper methodology implementation and monitoring of loan disbursements, and collections and recover.

In compliance with Central Bank guidelines, institutions have set up a new policy for loan provisioning and writes-offs of non-performing loans. They increased their loan recovery process and agreed to exchange data frequently. Most institutions have invested and migrated towards a new information system; this has contributed to better monitoring and control of their operations.

In 2010, the Central Bank set up the national credit bureau (introducing microcredit in the banking Credit Bureau) where loan consultations are compulsory for all credit institutions. In 2011, most MFIs joined the credit bureau after much negotiation on consultation cost. Certain MFIs have begun to consult the credit bureau on application of a certain amount and share their loan files; while other institutions continue to pilot and test the enquiry system in order to exchange files with the credit bureau.

Regulators have encouraged consolidation among associations including those backed by well established state banks to avoid the risk of rapid contamination. This was done in the case of Zakoura in 2009. Eight small and medium size microcredit institutions were encouraged to coalesce with ARDI (then was the 5th largest MFI), backed by Morocco's *Crédit Agricole*, to create the "Microfinance Solidarity Network", an entity designed to share resources (accounting, information, management, and reporting systems) and best practices (governance).

In 2010, the Ministry of Finance launched a study (funded by the Millennium Challenge Program (MCP), through the Agency of Partnership for Progress (APP), to determine the eligibility of MFIs to transform into for-profit entities/companies as well as the preconditions for such a transformation. A bill allowing microcredit institutions to create or become joint stock companies was developed in late 2010 and was recently adopted by the new government. The bill outlines the transformation in stages: the first step, not to allow non-banking financial institutions (MFIs) the ability to directly collect deposits from their customers. They could do so either by obtaining specific approval from the Central Bank or through partnerships with banks.

In 2012, APP program has also enabled the sector to refinance up to $ 25 million under an agreement with Jaida. Through this agreement, the APP has provided subordinated debt to Jaida in order to strengthen its equity base and to provide additional funding to MFIs. Access to finance through the APP is part of a comprehensive "Financial Services" plan. This program has a budget of USD46.2 million over a period of five years ending in September 2013 and focuses on three areas: a) Access to funds for microfinance, 2) developing New Financial Products, and 3) Improved operational efficiency and transparency of MFIs.

In terms of industry governance, the National Federation of Microcredit Associations (NFMA or FNAM), the coordinating body, has seen a strengthening in its governance structures with the appointment of Tariq Sijilmassi (CEO of Group *Crédit Agricole* and ARDI) in April 2008 as CEO of FNMA, and then re-elected in 2011 for another three year term.

Since his appointment, Sijilmassi has brought a new dynamism within NFMA and has set up committees to pilot multiple projects to restructure NFMA and give impetus to the restoration of an institutional framework and structure to pursue best practices. Among the projects are the following: the new industry code of ethics, a 2020 strategy which aims to reach 3 million customers by 2020, improving communication and reporting quality, industry consolidation and institutional transformation.

Despite the challenges faced in 2008-2009, the Moroccan microcredit sector has shown to be very resilient. The institutions worked more collectively and individually to address the issues faced in 2010-2011 to strengthen their operational infrastructure. Given the repayment crisis affected the sector as a whole in Morocco, the response had to be coordinated to ensure the sector survives and flourishes again. New systems, policies, procedures were introduced and reinforced, solid risk management practices, including disbursement, collection and recovery were implemented, and exchange of information between MFIs and good governance practices were introduced. Methodologies were revised, staff was trained and most importantly communication and relationship with clients was restored. One of the key elements that were quickly discovered by MFIs was the need to ‘go back to the basics’ of microfinance and revisit the main principles of operating in this sector. While efforts continue and challenges remain, all efforts conducted were vital to setting the road to recovery for the sector, which demonstrates why Morocco continues to be a leading MF sector in the region.

2011-2012: New Challenges

1. Context at country level

Morocco, like its neighboring countries in the region, has experienced to some extent the Arab Spring, yet with less intensity than other countries. Protest movements were of social rather than political nature, with specific demands from protestors. The Monarchy has responded by announcing reforms of the Moroccan constitution in March 2011. The new constitution reform project was elected in July 2011, and the early elections for the parliament were conducted in November 2011.

Since the elections were conducted on the new constitution, the political risk in Morocco has stabilized to some extent, yet social concerns remain. The elections were held in November 2011, and the new Government was formed in December 2011 under the presidency of Abdelilah Benkirane (Party of Justice and Development).

This effort from the Kingdom of Morocco was certainly a milestone in the democratization of the political system in Morocco. In 2012, the program of the new government expects economic growth of 5.5% for the period of 2012-2016, an inflation rate of less than 2%, and a budget deficit contained at 3%. Socially, the government program has set the unemployment rate to 8% by 2016, in addition to an illiteracy rate of less than 20%. The Central Bank has revised its growth forecast downwards for this year to 3% instead of 4.8% in 2011, and the Government intends to revise the budget for 2012.

2. Impact on the microcredit sector

Beyond the impact of the global economic crisis, the Arab Spring and the loan repayment issues, 2011 brings another set of concerns and challenges to the industry in Morocco related to legal framework and specific social issues.

a- Social challenges

Due to political events the country experienced in 2011 and the decline in tourism in the region of Ouarzazate, a town in the South East of the country, certain political activists took advantage of the situation to encourage microcredit users in the region not to repay their debts to microcredit institutions, with the pretext that the government had permitted and facilitated debt restructuring for farmers affected by drought. The movement in Ouarzazate also encouraged some clients to build a social group named "Victims of Microcredit," denouncing the application of interest rates, the pursuit to profitability at the expense of customer indebtedness and debt collection practices deemed as excessive. Media and local press covered the main motivations and demands of the movement. Microcredit institutions who have significant exposure in the region of Ouarzazate have incurred loan losses of almost $6 million in 2011, while an additional $6 million is estimated to be at risk. This movement has led institutions to review their expansion in the region and to a large extent limit new lending to existing clients who have not defaulted or are linked to the activists opposing microcredit.

In an interview with the press[5], Mr. Tariq Sijilmassi, FNAM President condemns the approach of some activists against microcredit and the negative image they are depicting " *this misconception needs to stop: no one earns profits in microcredit and this will never be the case, given there is no distribution of profits to shareholders of microcredit institutions. Moreover, we cannot blame microcredit institutions for their recovery practices efforts, with the pretext that they need to stay true to their social mission. MFIs must ensure loans are repaid to achieve sustainability and continuity. It is unfortunate that malicious actors believe these loans should be donations and call for clients not to pay back their debts."*

The National Federation of Microcredit Associations (FNAM) and players are aware of the danger the profession faces by the risk of manipulating microcredit and its customers. The industry is therefore preparing a 'White Paper' or a strategy to protect the mandate and vested interests of the sector and its clients. FNAM is intending to negotiate a program-contract with the government to reposition the industry and institute the conditions and framework for its development.

Mr. Youssef Bencheqroun, CEO of Al Amana, confirms that political and reputational risks are key issues for the microcredit sector. According to Bencheqroun, microcredit must position itself as a provider of employment: *"Reputational risk and political risk are the two major risks we are confronting in the sector today. Our policy must be to assess our goals and achievements, with precision and modesty, in comparison with other social development programs. The major area that we will advocate is that of creation of employment and the extent to which a financial partnership, such as microcredit has been successful for years to help provide self employment and increase productivity for individuals excluded from conventional financial systems. When a customer's average productivity rate is at 10 or 15%, by how much can a sustainable microcredit institution increase an individual's productivity and contribution to the economy with a microloan? The microfinance figures in Morocco have demonstrated the success and positive impact on customers and have resulted in clients participating in the sector over the years. It is on this stratum, with an estimated population of 3 million self-employed workers in Morocco who do not have access to finance, which micro credit can serve and has a real impact. Therefore, employment is the focus our efforts and message."*

A recent study conducted at the end of 2011 by Jaida revealed that 96% of women and 81% of men receiving microloans state that microloans have improved their quality of life, 91% of recipients stated that their activity generates a satisfactory yield in response to micro lending[6]. Clients appear to be satisfied with the services provided by microcredit, which leads the assumption that reputational risk which activists and the media are portraying on microcredit seems less threatening, yet, must be managed.

[5] Interview with la Vie Economique newspaper20 January 2012
6 Etude sectorielle réalisée par Jaida en 2011

The other challenge for the sector is to find a more balanced growth trade-off and risk management. For the fourth consecutive year, the sector continues to take a consolidation approach given the challenges faced, which results in the portfolio size decreasing 10% each year.

Below is a table which demonstrates the PAR and write off figures for the sector in 2009-2011:

	2009	2010	2011
PAR>30 days ratio	6.65%	5.72%	5.70%
Write offs ratio	10.05%	5.96%	5.76%
PAR plus Write Off ratio	16.70%	11.68%	11.46%
PAR value USD	40,701,985	32,654,741	31,799,906
Write Off value USD	61,478,777	33,980,115	30,706,374

Since 2009, the contraction in loan portfolios and the increase in portfolio at-risk have affected profitability. The profits earned in previous years helped sustain the institutions during the difficult period in 2009-2010.

The average return on assets in 2009 decreased to less than 0.2%, thanks to the consolidation efforts made to improve the portfolio quality by most institutions, the return on assets reached an average 4% in 2010, and 2011, is expected to be better than 2010. This challenge, combined with the capacity of MFIs to have a medium- and long-term vision in an uncertain environment has resulted in the sector struggling to meet set expectations and fully recover to date.

b- Legal framework adapted to the maturity of the sector

The challenge to fully recover as a sector is associated with their legal capacity to offer a complete line of products and to access new sources of financing. Microcredit institutions in Morocco operate pursuant to law No. 18-97 which regulates micro lending activity in Morocco. This law allows associations approved by the Ministry of Finance to provide microloans, yet cannot accept deposits from the clients nor can provide other financial services. Since the law’s promulgation, it has undergone several amendments and adaptations:

- In 2003, microloan associations were authorised to provide loans for housing to contribute to the government’s efforts within the policy of promoting social housing
- In 2007, microloan associations were authorised to offer micro-insurance products to their clients as intermediaries for insurance companies.
- In 2011, a new bill authorising microloan associations to create or convert into a limited liability company was approved by the government

In an interview with The Economist (local print media), dated 17 February 2012, **President d'Al Amana, Mr. Ahmed Ghazali**, who played an active role in drawing up the first regulatory framework in 1997, deems it necessary to re-launch negotiations with the new government on the question of developing the legal framework and considers transformation a necessary step to help develop the sector. He stated: "*As soon as you have a sector that has developed like it has for over ten years with double digit growth rates and billions of dirhams invested; with the emergence of associations like Al Amana, Fondation Banque Populaire, FONDEP and other players in this field, having helped millions of clients and agencies throughout the territory, it is completely natural that participants and managers in this sector raise the question of transformation. Because the legal and organisational character of economy based associations established in the beginning for microcredit institutions has become confining. To facilitate and cast into the future, with additional growth potential, it was necessary to think about transformation".*

The bill modifying and completing law 18-97 on microloans was approved by the new government Council on 12 April 2012. The main change brought by the new law is the possibility for non profit microcredit institutions to be for profit non-banking financial institutions or companies to act directly as associations or indirectly through other association (which gives the option of clusters of associations) or to create a corporation acting as a lending institution (collecting deposits was not authorised at this stage) approved as such by the Central Bank. The new entities created or transformed into microfinance companies will be subject to the banking law which could be revised to integrate and regulate the new form of microcredit institutions. The details of the exact requirements will be disclosed by the Central Bank once the law passes in Parliament.

Lessons learned

1. 'Go back to the basics' of microcredit and re-establish policies, procedures and controls, ensuring that methodology is followed in line with the mission of the institution.
2. Focus on the client. The risk of saturation is specific to certain territories, in some market segments and in specific domains of activity. MFIs target the same market segments, with the same methodologies and the same products, so the differentiation will be how they serve the client. It is fundamental to reinforce the relationship with the client and further understand their needs to better serve them.
3. Focusing solely on growth and market share, results in unsustainable growth. Growth must be driven by the market and motivated by the existence of an unmet market need. There is nothing wrong with wanting to grow if there is a market and the organisation's internal capacity is able to absorb the growth and financings are available to support the growth. Growth helps provide access to finance to the underprivileged, creates employment, drives income, yet focusing solely on growth is problematic. Internal controls, policies and procedures, client selection criteria, portfolio follow-up, information systems, human capital management, client protection and risk management are all aspects that must be strengthened with growth. Institutions now know the importance of maintaining a balance between growth and risk management/building capacity and infrastructure.
4. The importance of a comprehensive and global framework for internal control and risk management at various operational levels cannot be stressed enough. Frequent client visits and an in depth understanding of the clients business needs, including indebtedness should be thoroughly analysed. A clear understanding of what the business needs and what the loan will be used for is important. Strengthening internal controls and learning from earlier operational errors will help to mitigate the risk of fraud and arrears in future.
5. The positioning as an active participant in development, financial inclusion and job creation, assumes assessing and showing the impact of programmes on recipients to legitimize the action. Some Institutions declare their mission is to fight financial exclusion; others fight poverty, or poverty as a very complex issue that microloans alone cannot attempt to resolve, or replace actions of the state and public policy.

   In an interview with the El Watan daily newspaper, published on 18 April 2011[7], with **Fouad Abdelmoumni, economist,**, according to him, microcredit *"is only a tool among countless others that must meet social needs" and warns of the risk of wanting to position microfinance as the only tool to combat poverty and criticizing it when it cannot do it : "In my opinion, it is wrong to criticize a tool because it does not solve all problems, but it is also a crime to claim that an aspirin can heel cancer".*

7 http://microfinance-fr.blogspot.com/2011/04/fouad-abdelmoumni-and-la-microfinance-au.html

6. The importance of having more supervision from authorities with a consistent approach across the sector. As well as the importance to bring laws up to date with the level of maturity of the MFIs for microcredit to develop further, setting the legal framework and guidelines for the sector. The lack of presence of Credit Bureau can be misleading in the assessment of client risk and determining its borrowing capacity which can result in over-indebtedness.
7. The importance of coordinating and exchanging information between institutions. Creating a network and participating in the development of the sector are key to reduce over indebtness. While a network existed, coordination between MFIs was shallow pre crisis. Lack of coordination and exchange of information at sector level can drive customers to abuse the system by applying for multiple credits from several MFIs. Also, can result in institutions over indebting clients.
8. Lack of communication with customers, which led to clients being persuaded by activists and the media, leaving a void exploited by anti microcredit groups.
9. Emergency or contingency plans to be put in place: To manage the level of maturity of a sector and institution by ensure the infrastructure can handle emergency situation or having an alternate plan if needed.

While lessons learned varied from one entity to another, above mentioned were the most frequently mentioned by MFIs in Morocco. A great deal was learned from this crisis and the MFIs today are a lot stronger than they were during the growth period.