



Monitoring of the non-financial companies by central banks

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- **Motivation for the Central Bank**
- **Bank Al maghrib's Central Balance sheet Office - CIFEN Database**
 - Background and milestones
 - Description of the database
 - Case study of the use of CIFEN - Covid crisis
- **Main Findings and characteristics of the Moroccan companies**
 - Corporate financing and debt levels
 - Average Customer Payment Period
- **Presentation of the work in progress**

To achieve their missions, central banks (CBs) are required to produce various economic indicators, to facilitate the assessment of the country's economic situation and have a better understanding of the financial situation of its economic agents, including Non-Financial Companies (NFCs). Bank Al Maghrib pays particular attention to data on NFCs and produces a range of economic and financial ratios to carry out its missions.

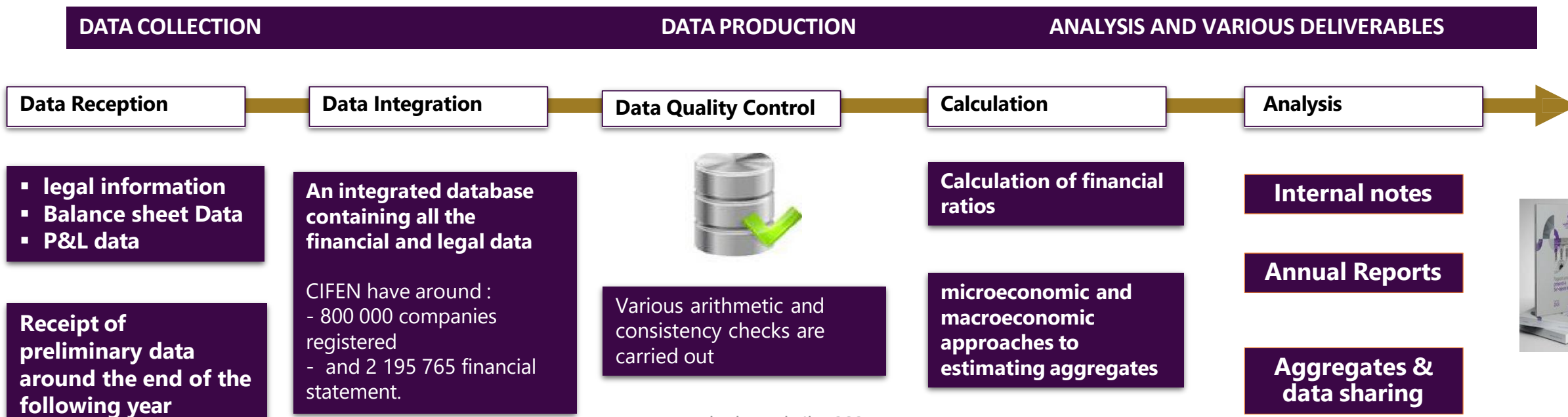
- **Financial stability** : Close monitoring of the financial situation of companies is essential when valuing the assets of financial institutions and the level trade credit can be a channel for contagion of payment defaults or even insolvencies.
- **Monetary policy** : In addition, analysis of companies' cash flow levels and their capacity to invest or create jobs is also important during the underlying analytical framework for formulating monetary policy.

Furthermore, the companies in Morocco present numerous factors of vulnerability, which not only slow down its development but also require rigorous economic analyses that requires high quality data. Bank al Maghrib, which has access to individual data related to NFCs can produce these statistics, **it is the main task of Bank Al Maghrib's Central Balance Sheet Office : CIFEN.**

Background and milestones

- **2005** : Bank Al Maghrib launched the project to set up a database of information on non-financial companies to strengthen its financial and statistical analysis capabilities.
- **2007** : The Bank has signed a contract with the Moroccan Office for Industrial and Commercial Property to retrieve annually the financial statements (balance sheet, P&L statement).
- **regular meetings are held to incorporate more requirements in terms of data quality, company coverage and data availability time.**

Database description



▪ Case study of the use of CIFEN - Covid crisis

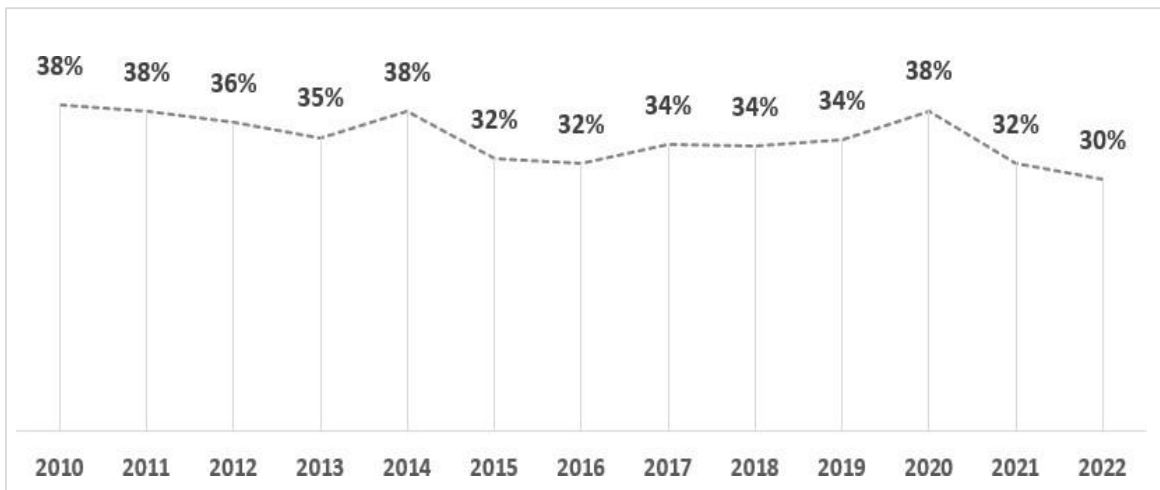
Bank Al-Maghrib took part in the committee actions, firstly by promoting access to bank credit for businesses, **by lowering its key rate, by increasing its refinancing capacity for banks and by strengthening its specific refinancing programme for SMEs.** The Bank also provided :

- Analyses and indicators to monitor evolutions in NFCS financial health, particularly cash flow levels
- Studies were carried out to estimate the financing needs of certain sectors, particularly the most affected by the health restrictions, such as accommodation, transport, catering and travel agencies.
- Analyses were carried out on invoice payment times, unpaid bank bills and payment incidents on cheques. These figures have been cross-checked with data from the incident database and the Credit risk database to ensure overall consistency.

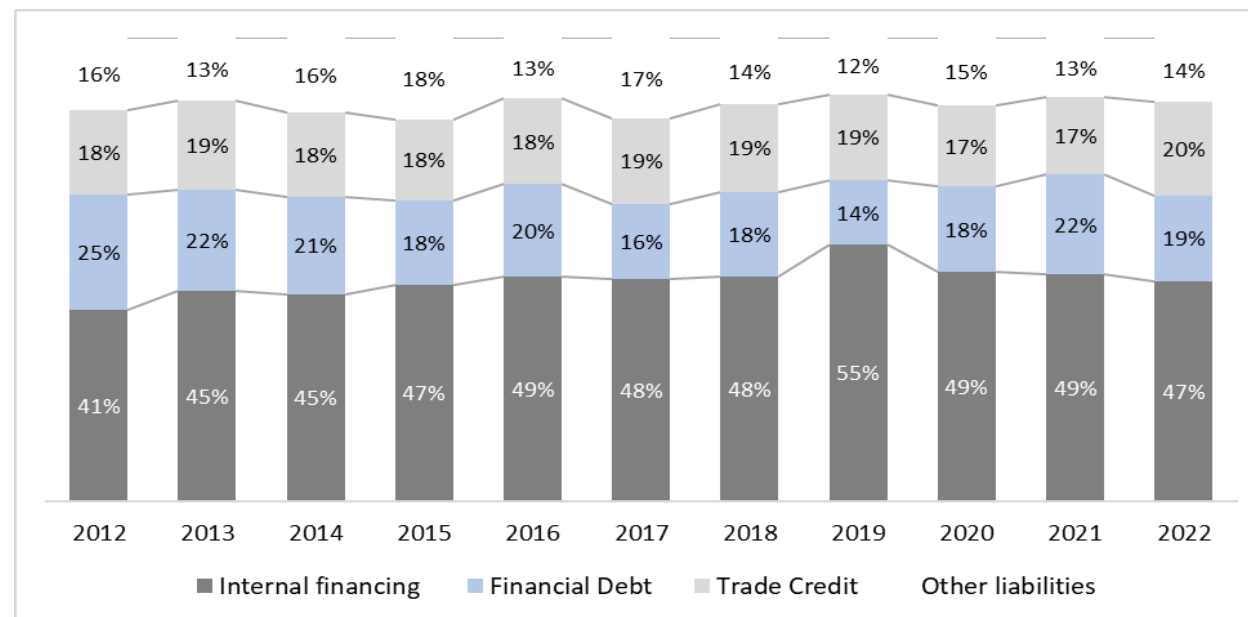
A number of measures had been taken to ease these cash flow pressures, including the suspension of social security payments, the introduction of a moratorium on bank loan repayments and the activation of a state-guaranteed credit line (Caisse de Garantie).

Main Findings and characteristics of the Moroccan companies

Evolution in the proportion of companies with financial debt as a liability between 2010-2022



Evolution of the NFCs liability's structure between 2012 and 2022

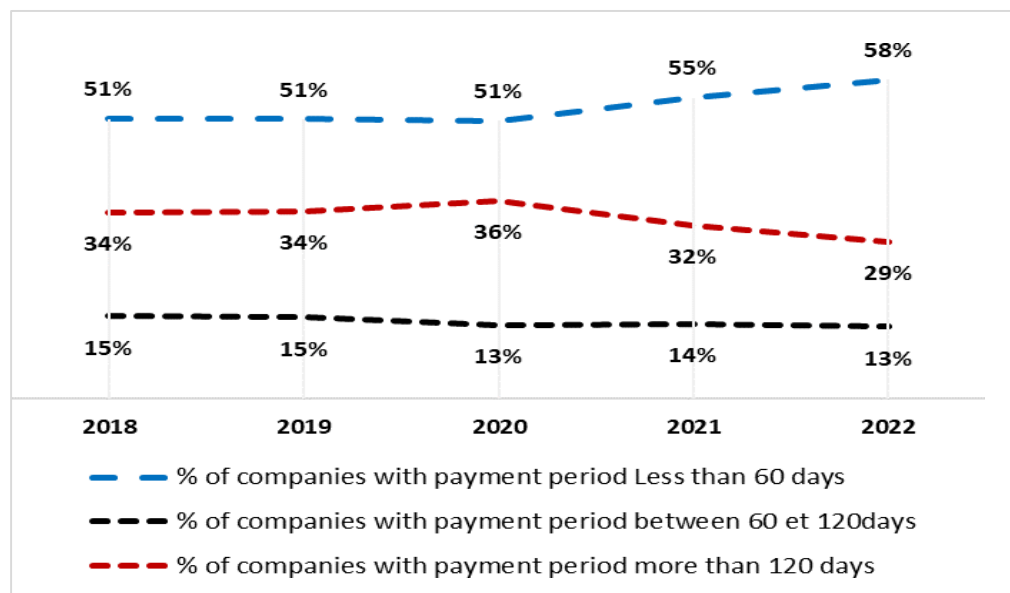


Corporate financing and debt levels

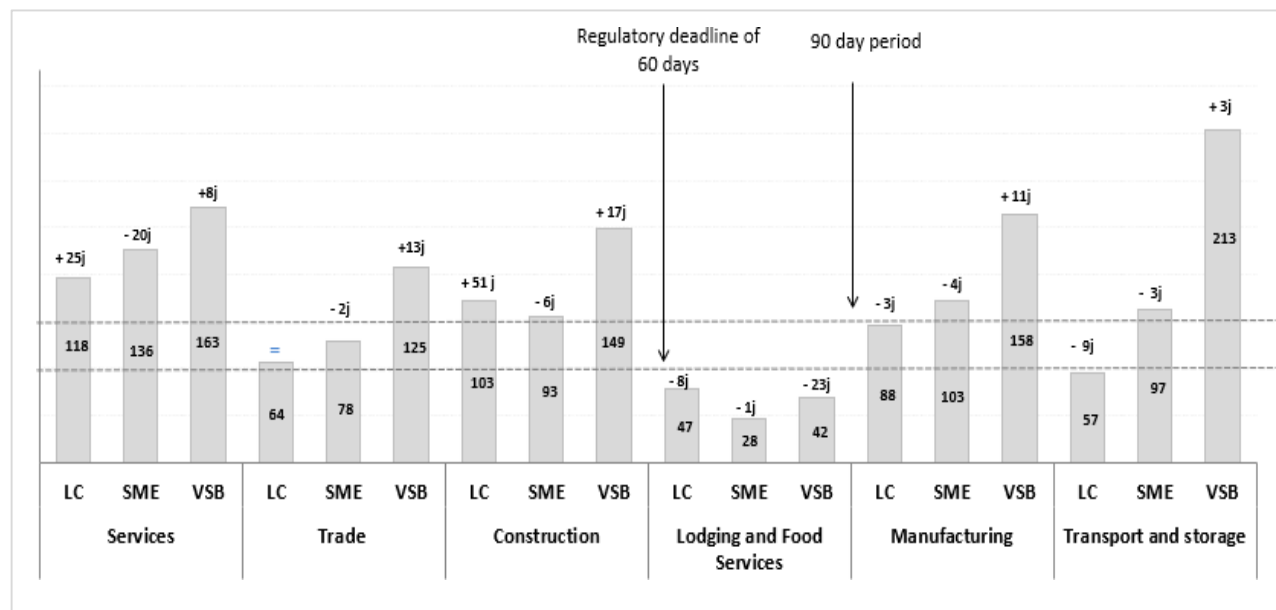
- **Companies disconnected from the financial system and do not complain,** with Internal financing remaining as the main source of financing;
- During the covid crisis, especially in 2021, the share of bank credit in the balance sheet increased to 22% **mostly cash credit lines only to get past the crisis.**
- **A large proportion of Moroccan companies are financed by trade credit, especially Large Corporations.**

Main Findings and characteristics of the Moroccan companies

Average Customer Payment Period In % of companies by payment period



Average Customer Payment Period by sector and size 21-22



Corporate financing and debt levels

- Major changes have been made to the legal framework (Between 2016 and 2023) to reduce delays, **including the introduction of penalties for late payers.**
- However, some sectors still suffer from long customer payment periods, such as construction and transport, with average periods around five months.
- The very small business are the units who have hard time collect customer payments. On the other hand, Large companies seems to have shorter periods

The bank also has launched a number of projects to enhance its data & statistics production in order to respond to various and new challenges and needs for data :

- **Extending and enriching analyses** : the CIFEN can play a central role in reconciling and cross-checking with other databases, in particular with securities and/or credit databases. An integrated database that would provide a panoramic view of all company-related data.
- **Improvement of the analysis from a macroeconomic point of view**: Also, the central balance sheets will be used to estimate economic aggregates, such as inter-company transactions (commercial credits, capital increase, holding of securities, etc.) Current work has been launched to identify methods of aggregation and extrapolation of data calculated from CIFEN. This data could be used as part of financial accounts. .
- **Climate change Data** : calculation and production of statistics to provide the Bank with reliable and comparable data on climate change **(NGFS)**. These data will enable the financial system to take advantage of the opportunities arising from the transition to sustainable finance. Projects are underway to identify the data elements needed by the financial sector - including information on NFCs exposed to risks.
- **Use of new technologies and Advanced Analytics** : In order to have qualitative or quantitative information on the economic activity of certain companies or sectors such as card payments, road traffic, satellite images, developments in remote product orders.



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