

A Comparative Analysis of Participatory and Conventional Banks in Morocco: Customer Perceptions and Liquidity Challenges

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Résumé : Cette étude analyse le rôle et les défis des banques participatives au Maroc, notamment en matière de liquidité bancaire, en les comparant aux banques conventionnelles. Depuis leur introduction en 2017, ces institutions ont connu un développement progressif, soutenu principalement par la croissance des financements, en particulier les produits de type Murabaha dans le secteur immobilier. Toutefois, cette évolution s'accompagne d'un déséquilibre structurel entre les dépôts collectés et les crédits accordés, traduisant une contrainte persistante de liquidité. Contrairement aux banques conventionnelles, les banques participatives disposent d'une base de dépôts plus limitée et dépendent davantage des mécanismes de refinancement, en raison des contraintes spécifiques liées à la conformité aux principes de la finance islamique et à la faible diversification des produits financiers. Par ailleurs, l'étude met en évidence l'importance de la perception des clients, généralement positive mais marquée par un niveau de connaissance encore insuffisant des produits



participatifs. Les analyses empiriques montrent qu'une meilleure connaissance des services bancaires participatifs améliore la perception et favorise l'intention d'utilisation, ce qui peut contribuer à renforcer la mobilisation des dépôts et à améliorer la position de liquidité de ces banques.

Mots-clés : Banques participatives, liquidité bancaire, finance islamique, perception des clients, Maroc

Abstract : This study examines the role and challenges of Moroccan participatory banks, with a particular focus on bank liquidity, in comparison with conventional banks. Since their introduction in 2017, participatory banks have experienced steady growth, mainly driven by the expansion of Murabaha financing, especially in the real estate sector. However, this development is accompanied by a structural imbalance between deposits and financing, reflecting persistent liquidity constraints. Unlike conventional banks, participatory banks rely more heavily on external refinancing due to a relatively weak deposit base, limited product diversification, and constraints linked to Sharia-compliant financial mechanisms. In addition, the study highlights the importance of customer perception, which is generally positive but characterized by a low level of understanding of participatory financial products. Empirical findings show that better financial knowledge improves customer perception and increases the intention to use participatory banking services, which in turn may enhance deposit mobilization and strengthen the liquidity position of these banks.

Keywords: Participatory banks, Bank liquidity, Islamic finance, Customer perception, Morocco.

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1. Introduction

The banking system plays a fundamental role in financing the economy and maintaining a country's financial stability. In Morocco, the banking sector has undergone significant transformations in recent years, particularly with the introduction of participatory banks in 2017. These financial institutions, based on the principles of Islamic finance, offer products and services that comply with Sharia law, relying mainly on risk-sharing, the prohibition of interest (riba), and asset-backed financing. Their emergence has diversified the Moroccan banking landscape and responded to the growing demand from a segment of the population seeking financial services that align with their religious and ethical values.

Despite this development, Moroccan participatory banks continue to face several challenges, among which liquidity management remains a major concern. Unlike conventional banks,

participatory banks have more limited refinancing instruments and encounter difficulties in mobilizing deposits and managing their financial resources. This situation may constrain their financing capacity and hinder their expansion within the Moroccan banking market.

In this context, a comparative analysis of participatory and conventional banks is essential to better understand the specific characteristics of each banking model, particularly regarding deposits, financing activities, and liquidity management. Furthermore, customer perception represents a key factor in the development of participatory banks, as the level of trust, awareness, and acceptance of financial products directly influences these institutions' ability to attract stable financial resources.

Therefore, this study aims to examine the issue of bank liquidity in Moroccan participatory banks through a comparison with conventional banks, while emphasizing Moroccan customers' perceptions of participatory banking services. It also seeks to identify the main factors that can strengthen customer confidence and contribute to improving the liquidity position of participatory banks in Morocco.

2. Bank Liquidity : Concepts and Foundations

2.1. General Overview of Bank Liquidity

There is no single definition of the concept of liquidity; rather, several definitions exist depending on the perspective from which it is analyzed (central bank, financial market, commercial bank, etc.). Bank liquidity can be defined in various ways.

According to Drehmann and Nikolaou (2009), bank liquidity refers to "a cash-flow position in which banks are able to meet their obligations on time." Similarly, the French Banking Commission (2008) defines the liquidity of a credit institution as "its ability to repay its debts on time and at a reasonable cost by being able to mobilize its assets very quickly when needed."

The Basel Committee on Banking Supervision (2008) defines liquidity as "the capacity of a financial institution to fund increases in assets and meet its obligations as they come due without incurring unacceptable losses."

In the banking sector, three levels of liquidity can be distinguished. First, Idrissi and Madiès (2012) refer to central bank liquidity, which represents the central bank's ability to provide the liquidity required by the financial system. Second, according to Crockett (2008), market liquidity refers to the ability to conduct transactions in a manner that allows portfolio adjustments and risk-profile modifications without significantly affecting underlying asset prices. Finally, bank liquidity, which is the focus of this study, is defined as a bank's ability to

meet its cash-flow obligations while taking into account the maturity structure of its assets and liabilities.

Beyond these definitions, liquidity is generally categorized into two main types : market liquidity and funding liquidity. In modern banking practice, the distinction between these two forms of liquidity has become less pronounced, as financial institutions increasingly adopt an integrated approach to asset and liability management.

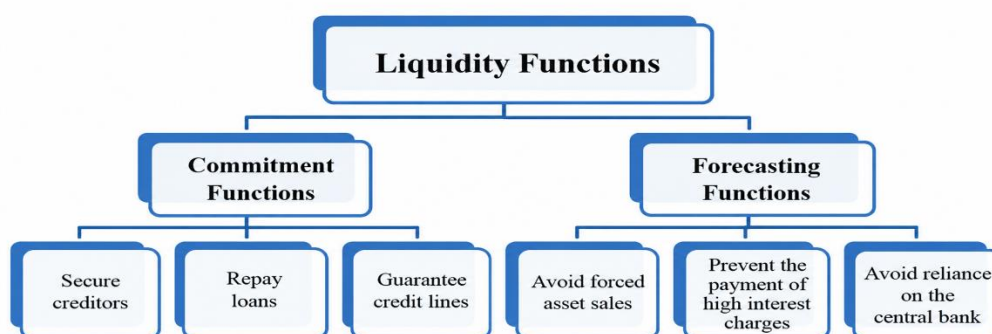
On the one hand, market liquidity refers to a bank's ability to sell or liquidate its assets in financial markets quickly and at a fair price. Market liquidity risk arises when a bank is unable to execute transactions immediately or without a significant impact on market prices (Idrissi & Madiès, 2012). Market liquidity therefore constitutes an important source of liquidity for banking institutions and contributes to satisfying their financing needs.

On the other hand, Drehmann and Nikolaou (2009) define funding liquidity as “a cash-flow situation in which banks are able to meet their commitments (cash outflows) on time through their incoming cash flows.” Funding liquidity is therefore closely linked to a bank's ability to obtain financial resources, whether through customer deposits, interbank borrowing, or other financing mechanisms, in order to fulfill its obligations and support its lending activities.

2.2. Functions of Bank Liquidity

Liquidity performs a set of essential functions within the banking sector, namely commitment functions and forecasting functions. These functions enable banks to manage their financial resources efficiently, meet their obligations, and anticipate future liquidity needs. The figure below illustrates the main functions of bank liquidity.

Figure 1 : Liquidity functions



Source : Debels et Al. (1992)

2.2.1. Commitment Functions

Once the bank has fulfilled its obligations toward its clients and creditors at maturity, it is able to generate returns from its funds. The bank is required to honor its commitments due to its solvency position :

- **Securing creditors:** The main function of bank liquidity is to ensure the solvency of its creditors and to guarantee the bank's ability to repay its debts and meet its obligations when due. When the bank has excess liquidity, lenders are more willing to place their funds with that bank.
- **Repayment of borrowings:** The bank ensures that it can repay its debts without having to continuously renew them. For example, the bank will not face liquidity problems when financing a six-month asset with six-month liabilities. However, financing a twelve-month asset with six-month certificates of deposit may create a liquidity gap.
- **Guaranteeing credit lines:** Two types of credit lines can be distinguished: firm (committed) credit lines and non-firm credit lines. On the one hand, a firm credit line is based on a written agreement in which the bank commits itself to lend in exchange for a commission that the client agrees to pay. The bank is obliged to meet its clients needs if they decide to draw on their credit lines. Refusing to honor such commitments may lead to a loss of customer trust and loyalty.

2.2.2. Liquidity Forecasting Functions

A bank may face situations of massive deposit withdrawals or a significant increase in credit demand from clients. For this reason, it must anticipate such situations in order to prepare the necessary funds to meet its clients' needs. The liquidity forecasting functions can be presented in three main roles :

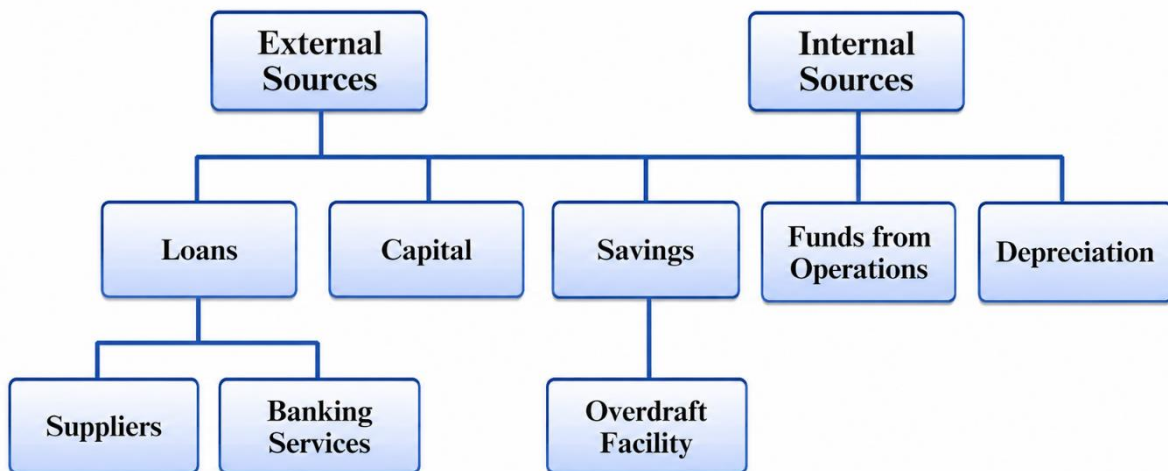
- **Avoiding forced asset sales :** The bank must ensure the availability of sufficient funds in order to avoid the forced sale of its assets. Such sales usually result from a lack of liquidity and from the difficulty of renewing loans that are reaching maturity. Consequently, the bank may be forced to sell its assets and securities at low prices, leading to capital losses.
- **Preventing high interest payments:** To protect itself from high interest rates in the capital market, the bank secures long-term funding sources and maintains sufficient liquidity. This reduces its dependence on expensive short-term borrowing.

- **Avoiding reliance on the central bank:** The bank uses central bank facilities in certain situations. On the one hand, when the interest rate offered by the commercial bank is lower than the money market rate, banks may engage in speculative opportunities by granting loans at higher rates than the discount rate. On the other hand, the central bank may pressure commercial banks to sell securities at low prices and encourage them to restructure their balance sheets in order to reduce liquidity risk.

2.3. Sources of Liquidity in Participatory Banks

The sources of liquidity in participatory banks vary depending on whether they are internal or external sources. As is well known, these banks offer a variety of products and engage in multiple activities, which requires them to maintain substantial resources. The figure below illustrates the sources of bank liquidity in participatory banks.

Figure 2 : Sources of Liquidity in Participatory Banks



Source : Prepared by the author

The bank's internal sources can be classified as follows :

- **Capital:** This refers to the paid-in capital provided by shareholders, representing the value of shares issued by the bank at the time of its creation or during capital increases. This capital is fully covered by shareholders' contributions in participatory banks. However, its proportion

remains relatively low compared to the other funds the bank deals with from its various sources.

- **Savings:** A portion of financial profits is allocated according to each shareholder's contribution after the determination of profits and before their distribution. It is retained in order to face potential risks.

-**Retained earnings:** These are profits that banks keep to preserve their financial stability. They remain the property of their owners, namely the shareholders who originally contributed them. They are returned when the bank's management considers it appropriate. However, the bank's management may, by decision of the general assembly, retain all generated profits and reinvest them in subsequent years in order to strengthen its financial position on the one hand, and to build a strategic reserve that supports various banking activities and operations on the other hand.

-**Provisions (allocations):** These refer to amounts set aside by the bank's management from profits to cover the depreciation of assets or to meet unexpected obligations not included in the budget, such as non-performing transactions or the inability of a partner to fulfill their obligations toward the bank, as well as losses resulting from credit risk. This aspect represents one of the most important challenges faced by banking institutions due to the significant amounts of money allocated to manage investment risks.

In summary, as an institution based on liquidity, the bank relies on internal sources (capital, savings, retained earnings, and provisions) as well as external sources such as deposits. External sources are presented as follows :

-**Demand deposits:** A demand deposit is a sum of money placed in a bank account managed by a banking institution. The main feature of a demand deposit is that the money can be withdrawn, partially or fully, at any time. This means that the account holder can access their funds without delay whenever they wish.

-**Investment deposits (savings accounts):** Savings accounts are offered by participatory banks as investment deposits. The depositor authorizes the bank to invest their funds according to the Mudaraba³⁷ principle in assets held within an investment portfolio. The client may deposit or withdraw money at any time.

-Banking services : These include various services such as fund transfers, foreign exchange operations, and other activities and services provided by Islamic banks to their clients in return for fees.

-Sukuk: These are certificates of equal value representing undivided shares in ownership of tangible assets, usufruct rights, services, or assets of a project or investment activity (AAOIFI).

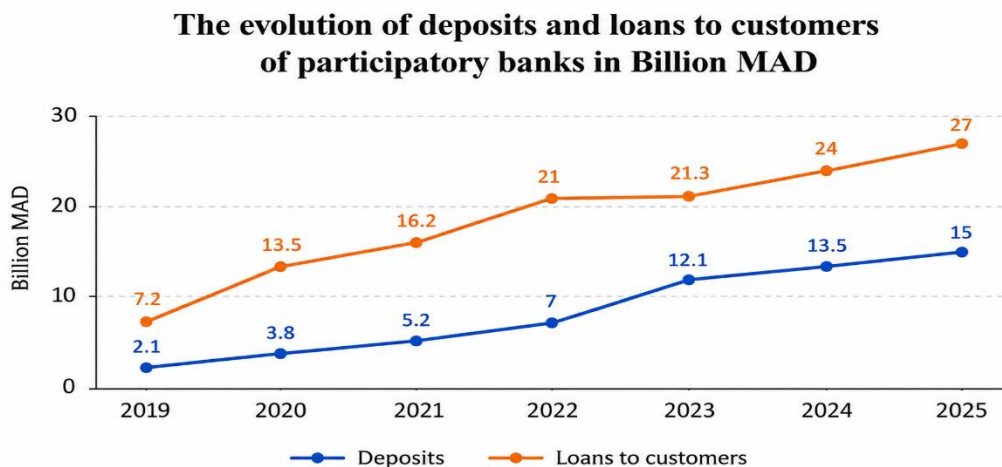
3. Comparison of Customer Deposits and Loans between Participatory Banks and Conventional Banks

In order to compare the resources and uses of participatory and conventional banks, it is necessary to present customer deposits and loans in participatory banks on the one hand, and in conventional banks on the other.

3.1. Customer Deposits and Loans in Participatory Banks

The figure below illustrates the evolution of customer deposits and loans in participatory banks between 2019 and 2025 :

Figure 3 : the evolution of customer deposits and loans in participatory banks between 2019 and 2025



Source: Annual Report on Banking Supervision (2026)

The analysis of the evolution of customer deposits and loans in participatory banks in Morocco between 2019 and 2025 highlights continuous growth but with an imbalance between collected resources and financing granted to customers. Over the period studied, customer deposits increased from 2.1 billion dirhams in 2019 to 15 billion dirhams in 2025, representing a significant rise that reflects a gradual improvement in customer trust and the expansion of participatory banking inclusion. However, this growth remains relatively moderate compared to that of financing activities.

Indeed, loans granted to customers increased at a much faster pace, rising from 7.2 billion dirhams in 2019 to 27 billion dirhams in 2025. This growth is mainly driven by the development of Murabaha financing, particularly in the real estate sector.

However, the comparative analysis of both series reveals a persistent structural imbalance. Loans remain systematically higher than deposits throughout the period, with a widening gap over time. This gap reflects an insufficiency of internal funding resources and highlights a liquidity constraint within participatory banks.

Thus, despite sustained growth dynamics, the Moroccan participatory banking system remains dependent on external refinancing, particularly from parent banks and the interbank market. This situation underscores a major challenge related to liquidity management, which constitutes a potential obstacle to the autonomous development of this sector.

In conclusion, the evolution observed between 2019 and 2025 reflects a rapidly expanding but structurally unbalanced sector, where the growth of financing consistently exceeds that of deposits, thereby confirming the central issue of liquidity in participatory banks in Morocco.

3.2. Customer Deposits and Loans in Conventional Banks

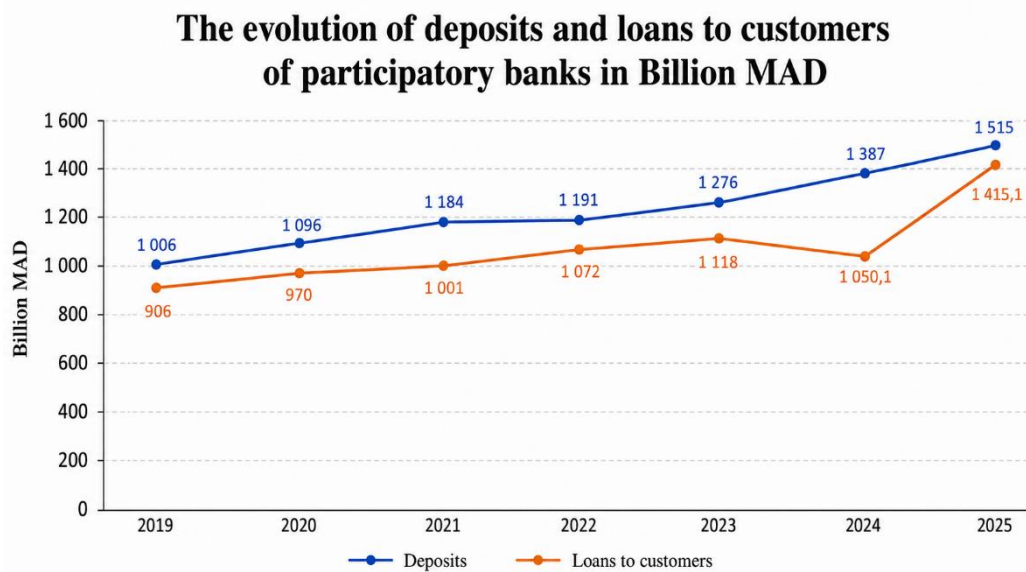
The evolution of customer deposits and loans in conventional banks in Morocco between 2019 and 2025 highlights an overall upward trend, accompanied by some fluctuations. Deposits show a continuous increase over the entire period, rising from 1,006 billion dirhams in 2019 to 1,367.7 billion dirhams in 2025. This development reflects a significant growth in bank savings, indicating both the confidence of economic agents in the banking system and the strengthening of resource mobilization by banks. Overall, this upward trend in deposits has remained relatively stable, with a noticeable acceleration starting in 2023.

At the same time, customer loans also follow a generally increasing trend, rising from 952 billion dirhams in 2019 to 1,258.1 billion dirhams in 2025. However, their evolution appears less stable than that of deposits. Indeed, a gradual increase is observed until 2023, followed by a slight slowdown in 2024, before a stronger recovery in 2025. This pattern can be explained by economic and monetary conditions, as well as banks' cautious lending behavior during periods of uncertainty.

Furthermore, the comparative analysis shows that deposits remain systematically higher than loans throughout the entire period studied. This situation reflects the existence of excess liquidity within the Moroccan banking system, indicating that collected resources are not fully transformed into financing for the real economy. This relative imbalance between deposits and loans highlights both a certain level of prudence among banks and a sometimes limited demand for credit.

The figure below presents the evolution of customer deposits and loans in conventional banks in billions of MAD.

Figure 4 : the evolution of customer deposits and loans in conventional banks in billions of MAD.



Source : Annual Report on Banking Supervision (2026)

4. Empirical Analysis

4.1. Research Methodology

Within the framework of this research on the comparative analysis of participatory and conventional banks in Morocco, a quantitative empirical study was conducted in order to

assess Moroccan customers' perceptions of participatory banks as well as their level of knowledge of participatory financial products. This approach also aims to analyze the impact of this perception on the issue of banking liquidity, particularly through the ability of participatory banks to mobilize deposits.

The study is based on a quantitative approach using a questionnaire administered to Moroccan bank customers. This method was chosen due to its ability to measure respondents' attitudes, perceptions, and behaviors in an objective and statistical manner. The questionnaire was developed based on the main concepts found in the literature on participatory finance, banking perception, and banking liquidity. It consists of two main sections:

- The first section focuses on the sociodemographic characteristics of respondents;
- The second section addresses the level of knowledge of participatory banks, customers' perceptions, and their intention to use participatory banking services.

Responses were measured using a five-point Likert scale ranging from: 1 = "Strongly disagree" to 5 = "Strongly agree".

Data analysis was performed using SPSS software through descriptive statistics, reliability analysis, correlation analysis, and simple linear regression.

4.2. Study Sample

The sample of this study consists of 250 Moroccan respondents from different socio-professional categories. Participants were selected using a simple random sampling method through the distribution of an electronic questionnaire via Google Forms. The objective was to obtain a diverse sample representing different categories of Moroccan banking customers.

4.3. Sample Distribution

The empirical analysis conducted among Moroccan banking customers aims to examine their level of knowledge and perception of participatory and conventional banks in Morocco. This quantitative study helps highlight behaviors, preferences, as well as the main factors influencing the adoption of participatory banking services. The results obtained are presented in the form of graphs in order to facilitate data interpretation and to compare the different trends observed within the studied sample.

Table 1 : Gender Distribution

Gender	Pourcentage
Male	58%
Female	42%

Source : SPSS Results

Table 2 : Age Distribution

Age Group	Pourcentage
18–25 years	34%
26–35 years	41%
36–45 years	17%
plus de 45 years	8%

Source : SPSS Results

Table 3 : Education Level

Education Level	Pourcentage
Secondary level	14%
Bachelor's degree (Licence)	39%
Master's degree	36%
PhD (Doctorate)	11%

Source : SPSS Results

Table 4 : Education Level

Type of Bank	Pourcentage
Conventional banks	67%
Participatory banks	18%
Both	15%

Source : SPSS Results

The results presented in these tables show a relative diversity in the socio-demographic characteristics of the respondents, which allows for a more representative overview of the studied sample.

According to Table 1, men represent 58% of respondents compared to 42% for women. This distribution shows a male predominance in the sample, although female participation remains significant. It reflects a certain diversity in participants' profiles and allows for the consideration of varied perceptions regarding the banking sector.

According to Table 2, the age group of 26 to 35 years is the most represented with 41%, followed by individuals aged 18 to 25 years with 34%. Respondents aged 36 to 45 years account for 17%, while those over 45 years represent only 8% of the sample. These results indicate that the majority of respondents belong to a young and active population, generally more familiar with modern financial services and new banking practices. The low proportion of individuals over 45 may be explained by lower participation or less frequent use of recent banking tools.

Table 3 related to education level reveals that bachelor's degree holders represent the dominant category with 39%, followed by master's degree holders with 36%. Respondents with a secondary education level account for 14%, while PhD holders represent 11% of the sample. This distribution shows that most participants have a relatively high level of education, which may facilitate a better understanding of issues related to conventional and participatory banks and enhance their ability to evaluate banking products and services.

Finally, Table 4 shows that 67% of respondents mainly use conventional banks, compared to 18% for participatory banks, while 15% report using both types of banks. These results reflect the dominance of conventional banks in the Moroccan banking landscape, due notably to their long-established presence, extensive network, and wide range of services. However, the presence of participatory banks and clients using both systems indicates a growing interest in participatory finance and a gradual shift in customer preferences toward banking alternatives compliant with Islamic finance principles.

4.4.1. Level of Knowledge of Participatory Banks

The results show that the level of knowledge among Moroccan customers regarding participatory banks remains relatively moderate. Indeed, 62% of respondents declare that they are aware of the existence of participatory banks, which reflects a certain level of diffusion of this banking model within the Moroccan population. However, this knowledge remains limited at both the practical and conceptual levels, since only 38% of participants state that they clearly understand the difference between Murabaha financing and conventional credit. Moreover, 57% of respondents consider that participatory banking products are still unclear, highlighting a lack of information and awareness regarding how these financial products operate.

These results reveal the persistence of confusion between participatory and conventional banking mechanisms, particularly in the field of real estate financing. Several respondents also believe that participatory banks apply mechanisms similar to those of conventional banks, despite the theoretical absence of interest rates in the participatory system. This perception may affect customers' level of trust and further limit the adoption of participatory products in the Moroccan banking market.

4.4.2. Customer Perception of Participatory Banks

The analysis of Moroccan customers' perceptions shows that participatory banks generally benefit from a positive image among respondents. Indeed, 71% of participants consider that participatory banks better respect ethical principles, reflecting the importance given to values of transparency, fairness, and compliance with Islamic finance principles. Furthermore, 64% of respondents associate participatory banks with greater financial transparency, while 59% report having more trust in this type of banking. These results indicate a favorable perception of participatory banks and highlight their ability to strengthen customer trust through their ethical and religious dimension.

However, despite this positive image, several limitations were identified by respondents. Among the main obstacles mentioned are the high cost of participatory financing, the lack of information about available products, the limited diversity of services, and the restricted accessibility of participatory banking branches. These issues may reduce the attractiveness of participatory banks and hinder their development among a broader customer base.

Thus, the results show that although participatory banks enjoy a generally favorable perception, they still face significant challenges related to communication, awareness, and the dissemination of their products and services among the Moroccan public.

4.4.3. Relationship between Customer Perception and Banking Liquidity

The statistical analysis highlights the existence of a positive relationship between customer perception and their intention to use participatory banking services. The regression results show that customers' level of knowledge positively influences their perception of participatory banks. In other words, the more customers are informed and understand how participatory financial products operate, the more favorable their perception of these banks becomes.

Furthermore, the results also reveal that a positive perception of participatory banks directly influences customers' intention to make deposits and use participatory financial services. This means that trust in participatory banks plays a key role in customers' decisions to adopt this banking model.

These findings suggest that improving financial knowledge and customer awareness could contribute to strengthening deposits within participatory banks and, consequently, enhancing their banking liquidity. Indeed, an increase in deposits would enable these institutions to have greater financial resources to finance their activities.

Thus, the study shows that the liquidity issue observed in Moroccan participatory banks does not depend solely on financial or technical factors, but also on the level of awareness, understanding, and trust of customers in this banking system.

5. Conclusion

At the end of this study, it appears that Moroccan participatory banks have experienced gradual development and continuous growth since their introduction into the national banking system. The results of the comparative analysis show that financing granted by these banks is increasing rapidly, particularly due to the expansion of Murabaha products, especially in the real estate sector. However, this growth is accompanied by a significant structural imbalance between collected deposits and granted loans, highlighting a persistent liquidity constraint.

Unlike conventional banks, which benefit from a deposit base that is significantly higher than the loans they grant, participatory banks remain dependent on external refinancing resources. This situation is mainly explained by the relatively low level of deposits, the limited diversification of participatory financial products, and the constraints associated with liquidity management mechanisms compliant with Islamic finance principles.

Furthermore, the empirical study conducted among Moroccan banking customers shows that the perception of participatory banks is generally positive. Respondents associate these banks with ethical values, greater transparency, and a financial system more aligned with religious principles. However, the results also reveal a relatively limited level of knowledge regarding the actual functioning of participatory financial products. This lack of information contributes to confusion between participatory and conventional mechanisms and may limit the adoption of participatory banking services.

Statistical analyses also demonstrate a positive relationship between knowledge of participatory products, customer perception, and their intention to use participatory banking services. Thus, improving financial awareness, banking communication, and customer trust could contribute to increasing deposits and, consequently, enhancing the liquidity of Moroccan participatory banks.

In conclusion, the sustainable development of participatory banks in Morocco depends not only on the implementation of efficient and appropriate financial mechanisms, but also on the ability of these institutions to strengthen their attractiveness to customers, diversify their products, and improve their communication and financial education strategies.

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