



## Country insights **MOROCCO**

Country insights from **Mohamed Boumesmar** on current trends in the Morocco accounting market and opportunities for doing business

**Mohamed Boumesmar from Audicis SARL, Morocco shares important insights on the current trends in the Moroccan accounting market, identifying areas of service that are buoyant and the most significant challenges facing Morocco over the coming months.**

**Q: What have been the most significant developments in the Moroccan accounting market over the last 12 months from an industry and/or regulatory perspective?**

**A:** In Morocco, the General Code of Accounting Standardization CGNC (current national accounting rules plan) has been in place for over 30 years. It has been enriched by several Specific Accounting Rules plans in many areas of activity. The main characteristic of all these accounting rules is that they are all influenced by a united legal and fiscal vision.

The convergence of the National Accounting Rules with IFRS began more than 5 years ago under the National Accounting Committee plan but has not advanced much due to lack of resources. Last November, this convergence project saw real progress when the World Bank financed of a study carried out by the Moroccan Chartered Accountants Council, which covers the following axes:

- a. Diagnosis of the current accounting reference system and its adequacy in the national and international context;
- b. Analysis of the main gaps of the CGNC with IFRS and identification of required updates;
- c. Benchmark with foreign experiences in convergence;



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- d. Predictable impact of the convergence of the CGNC to IFRS;
- e. Proposal of a new and modern conceptual framework of accounting rules.

This study was completed in March 2020 despite the advent of the Covid-19 pandemic. The next step is to collect comments from representatives of public and private operators as well as regulatory authorities who have also been involved. Once these comments are collected and synthesised, the National Accounting Committee should approve the new modernised accounting framework.

The main challenge of this reform will be to remain united and to meet the needs of SMEs rather than just Large and Medium firms.

Finally, it is important to highlight that during the Covid-19 pandemic, the National Accounting Committee issued a statement to clarify the impacts of this pandemic on accounts for the 2019 financial year and the specifics of handling structural costs during the period of the health emergency and the exceptional and unprecedented consequences of this crisis.

**Q: Are there any interesting trends in this market?**

**A:** In my opinion, there are three major trends:

**The investment and cooperation policy** led by Morocco in recent years in sub-Saharan Africa requires the harmonisation of accounting rules with these countries. In this context, IFRS as international standards remain the best consensus for African regional collaboration.

**The digitization of the Accounting services** and the development of new production tools which allow this digitisation, which in turn optimise productivity and the possibility for connection with the digital ecosystems which have developed in recent years in Morocco - both in companies and beyond main partners (Tax administration ecosystem, Social Security ecosystem, Retirement ecosystem, etc.).

**Clarification of the specifics of several emerging sectors** of activity or experiencing major changes (REIT, Crowd funding, Islamic bank and insurance, start up and innovation firms....).

**Q: Which services areas are growing - and are there any service areas where demand is low?**

**A:** Overall, I can summarise this evolution as follows:

Following the Covid-19 pandemic, the **digitisation** of Accounting tools will accelerate. This digitalisation will affect, among other things, the relationship between accounting and auditing firms and their clients and with administration and other partners.

Close **monitoring** of SMEs and LMEs in the post Covid-19 period where the analyses and other reporting is intended for banks and other government support bodies. Accounting will serve a strategic role in this monitoring and its analyses.

The **evolution of new services** related to crowd funding, banking and insurance, Islamic services, REIT, etc. will be closely observed in the post Covid-19 period.

**Q: What are the major challenges accounting firms in Morocco will face over the next 12 months?**

**A:** For me, the major challenges in Morocco can be as follows:

The crisis caused by the Covid-19 pandemic constitutes a challenge which has become obvious and which will impact the Accounting market for some time. Indeed, the difficulties that the Accounting firms will undergo as businesses following the decline in their activities or the decline or cessation of those of their clients or cash difficulties of the latter will be the main challenges that will be faced Accounting firms.

The success of a digital and professional proximity with customers who will appreciate the degree of support from their Accounting consultants either during the crisis phase or during the recovery period.

Optimisation of costs which will certainly be accelerated by Companies could exacerbate competition between accounting and auditing firms.

In the short and medium term, the work to harmonise with IFRS standards constitutes a real opportunity for the accounting profession in Morocco unless the post-Covid19 economic situation may weigh to postpone this project once again.

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