



# OVERVIEW

Morocco last underwent a Mutual Evaluation with the Financial Action Task Force, the global anti-money laundering watchdog, in 2019, which produced ratings that put Morocco on the FATF “grey list” of AML/CTF jurisdictions under increased monitoring in 2022. An improved national response led to a re-rating in 2023 and Morocco being removed from the grey list. The most significant predicate crimes identified in Morocco include corruption and bribery, drug trafficking, migrant smuggling and human trafficking. Due to its geographical location, Morocco is an export country for financial crime across Europe via Spain, often facilitated by persons of Moroccan descent residing on the continent.

While Morocco’s AML/CTF regime and its efforts against financial crime have without doubt improved in recent years, they are obstructed by rule of law challenges and the prevalence of corruption. The autocratic nature of Morocco’s monarchy led by King Mohammed VI restricts criminal justice enforcement against the royal family and its allies for any potential violations.

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|  <p><b>Bribery &amp; Corruption</b></p> | <p>Transparency International ranked Morocco as 94th out of 180 countries globally in terms of perceived corruption in its 2022 Corruption Perception Index. Sectors particularly vulnerable to systematic corruption are the judicial system, police, public services, land administration, tax administration, customs administration, public procurement and management of natural resources. Cultures of patronage, nepotism, and wasta (the use of connections) prevail and contracts are often awarded to favoured persons in a non-transparent manner. There have also been recent high profile cases of international political corruption implicating Morocco, such as the 2022 European Parliament corruption scandal that involved EU officials taking bribes from Moroccan officials.</p> |  <p><b>High</b></p>        |
|  <p><b>Money Laundering</b></p>         | <p>The 2022 Basel AML Index found that Morocco was the 64th worst performing country out of 128 in terms of anti-money laundering measures. Money laundering (ML) vulnerabilities in Morocco stem from the prevalence of cash-based transactions, its geographic location, established trafficking networks, high volume of remittances, and significant levels of public corruption. The large size of the informal economy and predominance of the hawala system in the Moroccan market further heighten the risk of ML. Morocco is a significant transit and destination country for the laundering of proceeds by European organised criminal groups.</p>   |  <p><b>High/Medium</b></p> |
|  <p><b>Fraud</b></p>                  | <p>Morocco is highly exposed to trade misinvoicing, particularly across the electrical machinery and equipment, textiles, and vegetables industries. Other common types of fraud include phone scamming, payment and credit card fraud, and government impersonation fraud. Ponzi and pyramid schemes are on the rise as well, including real estate investment fraud. .</p>  |  <p><b>Medium</b></p>    |
|  <p><b>Terrorist Financing</b></p>    | <p>Morocco is vulnerable to terrorist financing primarily from destabilisation and conflict arising from the Western Saharan Independence movement, notably the Polisario Front’s potential links to Hezbollah. The Polisario Front itself is involved in drug and contraband smuggling in the region, as well as kidnapping for ransom. The return of foreign fighters is also a potential risk, with the recruitment of Moroccan citizens by ISIS and other terrorist groups leaving the country vulnerable to small-scale financing. The 2019 MER found that terrorism and its financing still pose a serious threat to Morocco despite the significant efforts exerted by competent authorities in combating terrorism.</p>   |  <p><b>Medium</b></p>    |



Cybercrime

Morocco is targeted by high levels of cybercrime. One of the main reasons is that Morocco has reportedly experienced the fastest growth of internet usage in the MENA region. The main forms of cybercrime prevalent in the country are fraud and extortion attempts via malware, ransomware, denial-of-service attack (DDOS) methods and social engineering and impersonations. Attempts to sell personal data on the dark web have also been detected in Morocco, including by the international hacking group The Shiny Hunters, who operated primarily from Morocco and stole sensitive data from companies such as Microsoft.



High/Medium



Modern Slavery & Human Trafficking

Morocco is exposed to multiple forms of human trafficking. In 2021, law enforcement authorities investigated 85 new trafficking cases involving 116 sex trafficking suspects, 10 labour trafficking suspects, and 20 suspects involved in unspecified forms of trafficking; this led to the prosecution of 111 alleged traffickers. The US State Department highlighted Oujda on the Algerian border and in northern coastal cities as trafficking hot spots and highlighted the prevalence of Cameroonian and Nigerian sex trafficking networks in Morocco.



High/Medium



Drugs & Weapons Trafficking

Small and light weapons have proliferated among terrorist cells in Morocco as well as the Western Saharan independence movement Polisario. Morocco is also a notable source country for hashish and cannabis, which is farmed primarily in the Rif region and trafficked into Europe through Spain. Drug traffickers have begun using these same routes to traffic cocaine and psychotropic drugs.



High/Medium



Environmental Crime

The illicit market for flora crimes in Morocco is not extensive, however fauna crimes do pose a bigger challenge for the country. Fauna crimes taking place in Morocco include the poaching and trafficking of exotic birds and barbary macaques, and illegal fishing for sale in local or international markets. Non-renewable resource crime includes alleged corruption in the phosphate sector as well as illicit sand mining.



Medium/Low



Tax Crime & Financial Secrecy

The Network for Tax Justice estimated that Morocco loses approximately USD 875 million in unpaid taxes per year which is equivalent to 3.6% of total tax revenue. Various forms of tax evasion prevail in the country. In 2023, the General Directorate of Taxes discovered several large companies were using fictitious addresses in the southern provinces to avail of lower tax rates while carrying out their business activities outside of the regions.



Medium

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