Revue Française d'Économie et de Gestion
ISSN : 2728- 0128
Volume 7 : Numéro 3

Private Debt and Economic Inequality in Morocco: An Analysis of Credit Access Mechanisms

La dette privée et les inégalités économiques au Maroc: une analyse des mécanismes d'accès au crédit

BOULAJRAF Ilias
Docteur en Sciences Economiques et de Gestion
Faculté d'Economie et de Gestion
Université Ibn Tofail-Kénitra-Maroc
Laboratoire de recherche en Sciences Economiques et de Gestion

HAZZAM Nour Imane
Doctorante
Ecole Nationale de Commerce et de Gestion
Université Ibn Tofail-Kénitra-Maroc
Laboratoire de recherche en Sciences de Gestion des Organisations

Date de soumission : 15/02/2026

Date d'acceptation : 12/03/2026

Pour citer cet article :

BOULAJRAF. I. & HAZZAM. N.I. (2026) « Private Debt and Economic Inequality in Morocco: An Analysis of Credit Access Mechanisms », Revue Française d'Économie et de Gestion « Volume 7 : Numéro 3 » pp : 396- 412.

Author(s) agree that this article remain permanently open access under the terms of the Creative Commons Attribution License 4.0 International License

Abstract

This study examines the complex relationship between private debt and economic inequalities, focusing on the theoretical mechanisms of access to credit and their practical implications. Through an exploration of public policies implemented in Morocco, particularly microcredit and financial inclusion initiatives, the paper shows that although these policies have improved access to credit for vulnerable populations, their impact remains limited and uneven. The study highlights challenges such as information asymmetry, adverse selection, and over-indebtedness, emphasizing the need for stronger regulation and better financial education to ensure the effectiveness of these policies. Finally, the paper suggests integrating fiscal reforms and redistribution policies for a more comprehensive and equitable approach to economic inclusion.

Keywords : Private debt; Economic inequalities; Access to credit; Microcredit; Public policies.

Résumé

Cette étude examine la relation complexe entre l'endettement privé et les inégalités économiques, en mettant l'accent sur les mécanismes théoriques d'accès au crédit ainsi que sur leurs implications pratiques. À travers l'analyse des politiques publiques mises en œuvre au Maroc, notamment les programmes de microcrédit et les initiatives d'inclusion financière, l'étude montre que, bien que ces politiques aient amélioré l'accès au crédit pour les populations vulnérables, leur impact demeure limité et inégal.

L'étude met en évidence plusieurs défis, tels que l'asymétrie d'information, la sélection adverse et le surendettement, tout en soulignant la nécessité d'un encadrement réglementaire plus rigoureux et d'une meilleure éducation financière afin de garantir l'efficacité de ces politiques. Enfin, l'article suggère l'intégration de réformes fiscales et de politiques de redistribution dans le cadre d'une approche plus globale et plus équitable de l'inclusion économique.

Mots clés : Dette privée ; Inégalités économiques ; Accès au crédit ; Microcrédit ; Politiques publiques.

Introduction

Private debt has become a central feature of modern economic systems, playing a crucial role in financing consumption, investment, and wealth accumulation. Access to credit enables households and firms to undertake economic projects such as purchasing housing, investing in education, or developing entrepreneurial activities. In this sense, credit is often considered an important instrument for promoting economic growth and social mobility.

However, access to credit is not equally distributed among individuals and social groups. Structural inequalities related to income levels, financial history, and collateral requirements often limit the ability of vulnerable populations to obtain credit under favourable conditions. As a result, while some individuals benefit from low-cost financing that allows them to accumulate wealth and expand their economic opportunities, others are excluded from formal credit markets or forced to borrow under disadvantageous conditions. This unequal access to credit may therefore contribute to the reinforcement of economic inequalities.

Economic theory provides several mechanisms that explain these disparities in access to credit. Information asymmetry between borrowers and lenders, as highlighted by Stiglitz and Weiss (1981), can lead financial institutions to ration credit in order to reduce risk exposure. This phenomenon may result in adverse selection and discrimination in lending practices, which tend to exclude individuals perceived as riskier borrowers. Consequently, access to financial resources becomes unevenly distributed, reinforcing existing socio-economic inequalities.

In developing economies such as Morocco, these issues are particularly significant. Over the past two decades, Moroccan public authorities have implemented several policies aimed at promoting financial inclusion, including microcredit programs and initiatives designed to facilitate access to financial services for vulnerable populations. These policies seek to reduce economic disparities by enabling broader access to credit and supporting income-generating activities.

Nevertheless, the effectiveness of these policies in reducing economic inequalities remains a subject of debate. While financial inclusion initiatives have improved access to credit for certain segments of the population, several structural challenges persist, including high interest rates, insufficient financial literacy, and the risk of over-indebtedness among vulnerable borrowers.

In this context, the present study seeks to examine the relationship between private debt and economic inequality by analysing the theoretical mechanisms governing access to credit and evaluating the role of financial inclusion policies in Morocco. The objective is to better

understand how credit systems can simultaneously contribute to financial inclusion while potentially reinforcing existing economic inequalities.

This study adopts a qualitative analytical approach based on a theoretical and documentary analysis of the relationship between private debt and economic inequality. The research relies primarily on a review of academic literature and institutional reports addressing issues related to credit access, financial inclusion, and public policies.

The analysis focuses on the Moroccan context, examining the policies implemented to promote access to credit, particularly microcredit programs and financial inclusion initiatives. Data and information used in this research are drawn from reports published by institutions such as Bank Al-Maghrib, the World Bank, and other national and international organizations.

Through this approach, the study seeks to identify the theoretical mechanisms that explain unequal access to credit and to analyze how these mechanisms may contribute to the persistence of economic inequalities.

1. Theoretical Framework: Access to Credit and Economic Inequality

The relationship between access to credit and economic inequality has been widely discussed in economic literature. Several theoretical approaches explain how credit markets may contribute either to reducing or reinforcing economic disparities. In particular, theories related to information asymmetry, credit rationing, and adverse selection highlight the structural mechanisms through which financial institutions allocate credit and evaluate borrower risk. These mechanisms play a crucial role in determining who can access financial resources and under what conditions, thereby influencing wealth accumulation and economic opportunities.

1.1. Information Asymmetry and Credit Rationing

Information asymmetry is a fundamental concept in credit economics, and it is particularly relevant when looking at the mechanisms of access to credit and their impact on economic inequality. According to Stiglitz and Weiss (1981), in a credit market where information between borrowers and lenders is unevenly distributed, lenders are unable to fully know the creditworthiness of borrowers. This uncertainty leads to a situation where lenders are rationing credit, i.e., they are restricting the volume of loans they make, even if interest rates rise, in order to limit their exposure to risk. This can lead to an "adverse selection" situation, where only the riskiest borrowers seek credit, while those with a low risk profile are reluctant to borrow at high rates, preferring not to take on debt. This phenomenon generates a vicious circle: the least creditworthy borrowers, due to their high risk, are forced to face tighter credit conditions, often

with higher interest rates, while those who would have had privileged access to credit are squeezed out due to repressive market conditions.[1]

The effects of information asymmetry on economic inequality are manifold. On the one hand, low-income groups, or those without a strong credit history, find themselves at a disadvantage in their access to credit, which limits their ability to invest in long-term assets such as real estate, education, or entrepreneurial opportunities. These assets are crucial levers for wealth creation and the improvement of living conditions in the long term. Without these investments, vulnerable populations remain trapped in a cycle of poverty or economic weakness. On the other hand, people or companies with a better creditworthiness profile benefit from privileged access to low-cost credit, which allows them to invest in personal or professional development projects, and therefore increase their wealth and economic power.

In addition, information asymmetry leads to discriminatory credit practices, where certain groups may be systematically disadvantaged, not because of their actual financial risk, but because of a misestimation of risk by lenders. For example, loans may be more difficult to obtain for certain populations depending on where they live, their socioeconomic status, or even their ethnicity, factors that are not necessarily directly related to their actual ability to repay a loan. This discrimination through access to credit reinforces economic disparities by consolidating the position of the richest, who have a greater ability to borrow on concessional terms, while leaving the poorest without resources to invest in projects that could improve their economic situation.

Credit rationalization is not limited to individuals. Small businesses, which do not have the same resources as large companies, often face similar challenges. Small businesses, especially those with low capitalization, low credibility, or limited financial history, are perceived as higher-risk borrowers, resulting in higher interest rates and more restrictive lending terms. As a result, these companies have fewer opportunities to expand and invest, which hinders their growth and limits their competitiveness compared to larger companies, which have much easier access to low-cost credit. Thus, the information asymmetry in the credit market, in addition to maintaining and accentuating economic inequalities at the individual level, also contributes to widening the gap between large and small firms, further reinforcing structural inequalities within the economy.

[1] Akerlof, G. A. (1970). *The market for lemons: Quality uncertainty and the market mechanism*. Quarterly Journal of Economics, 84(3), 488–500.

This phenomenon of credit rationalization has repercussions on social mobility. Individuals and businesses with limited access to credit do not have the same opportunities to improve their economic situation. They are often confined to low-paying jobs, precarious housing, or limited career plans due to a lack of funding. Opportunities to invest and build assets are then much rarer for low-income people, exacerbating intergenerational inequalities and hindering the possibility of social mobility.[2]

Thus, information asymmetry and credit rationalization are key elements in understanding how private debt can reinforce economic inequality. Mechanisms of adverse selection, discrimination and credit rationing create significant barriers for vulnerable socio-economic groups, denying them access to the financial resources needed to accumulate wealth and improve their economic situation.

1.2. Adverse Selection and its Effects on Unequal Access to Credit

Adverse selection is one of the major mechanisms by which information asymmetry in credit markets creates distortions, thereby aggravating economic inequality. This phenomenon occurs when lenders, lacking complete information on borrowers' creditworthiness, apply standardized credit terms that ultimately penalize low-risk borrowers while attracting higher-risk borrowers. According to the model developed by Akerlof (1970), lenders cannot distinguish between good borrowers (i.e., those with a low probability of default) and bad borrowers (those with a high risk of default). As a result, they raise interest rates to offset overall risk, which provides more incentive for high-risk borrowers to apply for a loan, while low-risk borrowers, faced with higher rates than their ability to repay would warrant, lose interest in credit offers.

The effects of adverse selection on access to credit exacerbate economic inequality significantly. Indeed, the most vulnerable individuals or businesses, often from low-income backgrounds or small businesses, are more likely to be excluded from financing or offered unfavourable terms. These borrowers, who need credit to invest in projects to improve their economic situation — such as buying a home, continuing their education or developing a small business — often find themselves forced to deal with exorbitant interest rates. This situation is all the more problematic as these groups generally do not have the means to access cheaper credit via guarantees or solid assets. As a result, these borrowers find themselves in a position where the debt incurred is often counterproductive, as it prevents any possibility of long-term wealth accumulation. They are also at risk of finding themselves in a situation of over-

[2] Stiglitz, J. E., & Weiss, A. (1981). *Credit rationing in markets with imperfect information*. The American Economic Review, 71(3), 393–410.

indebtedness, forcing them to devote a significant part of their income to repaying loans, to the detriment of their consumption and savings.

On the other hand, low-risk borrowers, who are often wealthier and more financially established, are less inclined to apply for loans on less advantageous terms. When they do access it, it is usually at much lower rates, allowing them to invest in productive assets and multiply their economic opportunities. This imbalance in access to credit therefore contributes to an increased concentration of wealth, by strengthening the ability of the richest to generate more wealth through investments and acquisitions, while limiting opportunities for the most vulnerable populations.

Adverse selection does not only affect individuals, but also financial institutions. As lenders face increased risk associated with their credit portfolios, they tend to limit the granting of loans or reduce the size of loans available to borrowers, even when borrowers would be able to repay. As a result, credit conditions are becoming stricter, further restricting access to credit for creditworthy borrowers. This leads to a contraction in the credit market, thereby increasing economic inequality by excluding not only high-risk borrowers, but also those whose financial situation is relatively stable but insufficient to justify high interest rates. This reduction in the supply of credit mainly affects the economic sectors where small borrowers are most present, such as small businesses and low-income individuals. The latter have fewer financing opportunities to invest in projects to improve their situation, which keeps them in a state of economic stagnation, contributing to greater wealth inequality.[3]

Another aspect of the opposing selection is related to systemic **discrimination** in the loan process. Studies have shown that factors such as social status, ethnicity, and even gender can influence lenders' decision, far beyond just assessing financial risk. These systemic biases exacerbate economic inequality, as discriminated groups are more likely to be seen as risky borrowers, regardless of their true ability to repay. As a result, adverse selection is not limited to a simple economic mechanism, but combines with other forms of structural discrimination to further restrict access to credit for marginalized populations, thus consolidating deep economic inequalities.[4]

In summary, adverse selection, due to information asymmetry, has significant consequences on access to credit and contributes directly to the widening of economic inequalities. By making

[3] Greene, W. H. (2003). *Econometric analysis* (5th ed.). Pearson Education.
[4] Jaffee, D. M., & Russell, T. (1976). *Imperfect information, uncertainty, and credit rationing*. The Quarterly Journal of Economics, 90(4), 651–666. https://doi.org/10.2307/1885432

access to credit more difficult for low-risk borrowers while favouring high-risk borrowers, it reinforces the concentration of wealth among the most creditworthy, while keeping the most vulnerable in a position of low economic mobility. This mechanism, coupled with credit rationalization, forms a vicious cycle where unequal access to credit and systemic discrimination reinforce each other, preventing many socio-economic groups from fully participating in the economic dynamic, thus limiting their ability to accumulate wealth and improve their economic status.

2. Practical consequences of information asymmetry and access to credit on economic inequality

The practical consequences of access to credit on economic inequality are significant. Unequal access to credit prevents low-income individuals and groups from financing projects that are essential to improving their situation, such as buying a home, starting a business or education. On the other hand, those with a better financial profile can access favorable credit conditions, thus strengthening their ability to accumulate wealth. This disparity in access to credit reinforces wealth gaps and limits the economic opportunities of vulnerable populations, thus consolidating economic inequalities and hindering social mobility.

2.1. The impact of access to credit on wealth and opportunity inequalities

Access to credit is a key factor in wealth accumulation and economic opportunity creation, but it also plays a major role in intensifying economic inequality. Indeed, credit allows individuals and companies to finance long-term investments, such as buying a home, starting a business, education or diversifying investments. However, unequal access to credit leads to substantial disparities in the ability of individuals and groups to seize these opportunities. Low-income individuals, often due to their fragile credit profiles, often find themselves excluded from formal financial markets or forced to borrow at high rates, making it difficult to move towards a more stable financial situation. This phenomenon results in a lack of opportunities for these groups to build assets, whether in the form of real estate or productive investments, thus reducing their ability to accumulate wealth and improve their long-term socio-economic status (Guiso et al., 2004).

In addition, when access to credit is restricted or subject to unfavorable conditions, low-income populations are particularly vulnerable to debt distress. This is because people who do not have access to low-cost financing often turn to riskier sources of credit, such as high-interest loans or consumer credit, which entail additional financial burdens. These high-cost debts, often incurred to meet immediate consumption needs, do not generate long-term enrichment

opportunities, but can instead prevent the accumulation of assets and impair the individual's ability to invest in future projects (Chien & Devaney, 2001). Thus, access to low-cost credit is not only a factor of immediate consumption, but also a crucial lever for long-term wealth creation, and its absence leads to a vicious circle where the inability to invest in productive assets perpetuates poverty and inequality.[5]

On the other hand, individuals and companies with a better credit profile can access more advantageous financing terms, allowing them to invest in enrichment projects. For example, buying a low-interest home or accessing a low-cost loan to start a business offer opportunities for wealth creation that more vulnerable groups do not have. These individuals can take advantage of financial leverage to increase their wealth, strengthen their financial stability, and diversify their investments. As a result, those with better access to credit have an increased capacity to accumulate wealth, while those who are excluded or subject to penalizing credit conditions remain stuck in cycles of debt or lack of economic opportunity (Dynan, 2012).[6]

Inequalities in access to credit also reinforce intergenerational disparities. Low-income families, because of their exclusion from affordable credit, have fewer opportunities to pass on assets to the next generation. The lack of accumulated family wealth prevents children from these families from having a solid financial foundation for their own projects, such as pursuing higher education, buying a home or starting a business. These disparities in access to credit thus exacerbate social and economic inequalities over several generations, consolidating a system where the wealthiest groups, with access to credit on favourable terms, continue to benefit from economic opportunities that disadvantaged groups cannot afford to exploit. As a result, the wealth gap between generations widens, with reduced social mobility for people from the lowest socioeconomic classes (Oliver & Shapiro, 1995).

The impact of access to credit on economic inequality is also evident at the firm level. Small businesses, especially those owned by entrepreneurs from disadvantaged backgrounds, often face difficulties in accessing finance, which limits their ability to grow and create jobs. Adverse selection and rigid solvency criteria imposed by financial institutions often lead to a credit restriction for companies with little capital or those that do not have sufficient collateral, despite their economic potential. This lack of funding prevents these firms from developing, innovating, and participating fully in the economy, reinforcing inequalities in economic

[5] Chien, Y., & Devaney, S. A. (2001). *The impact of debt on the financial well-being of older Americans*. The Journal of Consumer Affairs, 35(1), 35–59.
[6] Dynan, K. E. (2012). *The financial crisis and the credit crunch: What's next?*. Brookings Papers on Economic Activity, 2012(2), 219–234

opportunity between large firms and small firms from less privileged backgrounds (Berger & Udell, 1998). The impact is also visible at the macroeconomic level, where companies excluded from credit contribute less to economic growth, increasing the concentration of wealth in sectors with better access to finance.[7]

In summary, access to credit plays a key role in reducing or amplifying inequalities in wealth and opportunity. When unevenly distributed, access to credit widens economic gaps between social groups, creating disparities in the ability to accumulate assets and invest in future projects. Individuals and firms with better credit conditions have a substantial advantage in wealth creation, while those excluded or penalized by adverse conditions remain in a position of economic vulnerability. Access to credit is not limited to a simple financial factor, but is a key mechanism in the construction of sustainable economic inequalities and intergenerational cycles of poverty.

2.2. Private debt as a factor in maintaining economic inequalities

Private debt plays a central role in perpetuating economic inequality, as it exacerbates wealth gaps by limiting opportunities for asset accumulation while imposing disproportionate financial burdens on the most vulnerable individuals and households. Easy access to credit, such as consumer credit or mortgages, has enabled many people to temporarily improve their standard of living. However, this debt facility can also have perverse effects, especially for those who cannot afford to repay these debts in the long term. Due to their low creditworthiness, low-income individuals are often forced to resort to expensive forms of credit, such as high-interest loans, credit cards, or quick loans, forms of financing that incur additional costs and generate debt cycles that are difficult to break. These high-risk loans do not allow for investment in productive assets, but rather fuel a cycle of high debt and repayments, making it even more difficult to build wealth and accumulate wealth.

One of the most worrying aspects of private debt is the cumulative effect of debt distress, which is particularly visible among the most vulnerable social groups. According to a study by Deaton and Paxson (1994), excessive debt among low-income households leads to a situation where debt repayments absorb a large part of their available resources, preventing them from investing in durable goods or saving money. As a result, these households are trapped in poverty, unable to make the investments needed to improve their long-term economic well-being. Moreover, private debt is not only an obstacle to wealth accumulation, but it can also hinder social

[7] Berger, A. N., & Udell, G. F. (1998). *The economics of small business finance: The role of private equity and debt markets in the financial growth cycle*. Journal of Banking & Finance, 22(6–8), 613–673.

mobility, creating a gap between generations. Children from families with debt, or those with no assets to pass on, are at a disadvantage compared to their peers with financially stable parents. This situation contributes to the reproduction of economic inequalities over several generations, by limiting educational and professional development opportunities, which are essential to break the cycle of poverty (Oliver & Shapiro, 1995).

From a macroeconomic perspective, private debt also contributes to maintaining uneven economic structures by limiting consumers' ability to stimulate aggregate demand. When indebted households spend a significant proportion of their income on debt repayment, their purchasing power is reduced, which negatively affects the consumption of goods and services. As a result, economic growth is slowing, and this dynamic is affecting low-income populations more, who are more dependent on consumption to meet their basic needs. On the other hand, wealthier households, which have better access to credit and can borrow on more favorable terms, have the opportunity to accumulate more wealth, increasing their consumption and investment. This disparity in economic behaviour reinforces economic inequalities, as the poorest, confined to a cycle of debt and constrained spending, cannot fully participate in economic growth (Mian and Sufi, 2014).

The role of private debt in maintaining economic inequality is also evident in the real estate sector. Affordability, often financed by mortgages, is an important way for households to build wealth. However, the high level of household debt, especially those of the working classes, prevents them from accessing property or subjects them to rigid and risky repayment conditions. Subprime mortgages, such as those offered under subprime mortgages, have pushed many low-income households into debt distress when the value of their real estate has fallen (Schleicher, 2012). Losses related to financial crises, such as the 2008 subprime crisis, have particularly affected indebted households and have led to an exacerbation of wealth inequality. Households that have lost their property due to defaults have not only lost a material asset, but have also had their chances of accumulating long-term wealth destroyed.

In addition, private debt has negative effects on the psychological well-being of the households concerned, especially in low-income groups. Stress related to debt management and the fear of over-indebtedness can affect mental health, limit productivity at work, and reduce individuals' ability to seize economic opportunities (Joo, 2008). The psychological impact of debt reinforces existing social and economic barriers, exacerbating inequality and limiting opportunities for economic progress.

In sum, private debt is not only an obstacle to improving the economic situation of low-income individuals, but it also plays a fundamental role in maintaining economic inequality through several mechanisms. By limiting access to wealth and amplifying cycles of poverty, private debt becomes a key factor in the reproduction of economic inequality over several generations, hindering social mobility and consolidating existing economic hierarchies.

3. Public Policies and Strategies to Reduce Economic Inequalities Related to Access to Credit in Morocco

In Morocco, several public policies have been put in place to improve access to credit and reduce economic inequalities. Initiatives such as the creation of the **Caisse de Dépôt et de Gestion** and **microcredit** programs have facilitated access to finance for vulnerable populations. The introduction of a **credit rating system** has also helped to better assess risks and to include people excluded from traditional banking channels. However, high interest rates and a lack of collateral for borrowing remain major obstacles, especially for low-income households. Recent policies promoting the **digitalization of financial services** and fintechs seek to make credit more accessible, while offering solutions tailored to the needs of disadvantaged populations. Despite this progress, more efforts are needed to ensure greater equity, especially in rural areas and for young entrepreneurs.

3.1. Microcredit and financial inclusion initiatives in Morocco

Microcredit in Morocco is one of the main public and private strategies to promote financial inclusion and reduce economic inequalities, especially for vulnerable populations and young entrepreneurs. Microcredit institutions, such as **Al Amana**, **Fonds d'Assistance aux Défavorisés (FAD),** and **Attawfiq**, were created to offer low-interest, unsecured loans for productive projects, allowing individuals without access to traditional credit to start or develop an economic activity. According to **Bank Al-Maghrib**'s 2021 report, these institutions have financed about 250,000 micro-entrepreneurs in Morocco, with a total of more than **4 billion dirhams** distributed in loans.[8]

The beneficiaries of these loans are generally from disadvantaged backgrounds, often women and young people, who find themselves excluded from the traditional banking system due to their lack of guarantees or solvency. These micro-credits not only make it possible to finance income-generating projects but also to fight against precariousness by promoting access to basic services such as education and health, thanks to the increase in household income. Indeed, **Al**

[8] Bank Al-Maghrib. (2021). *Annual Report on Financial Inclusion in Morocco*. Bank Al-Maghrib. https://www.bkam.ma

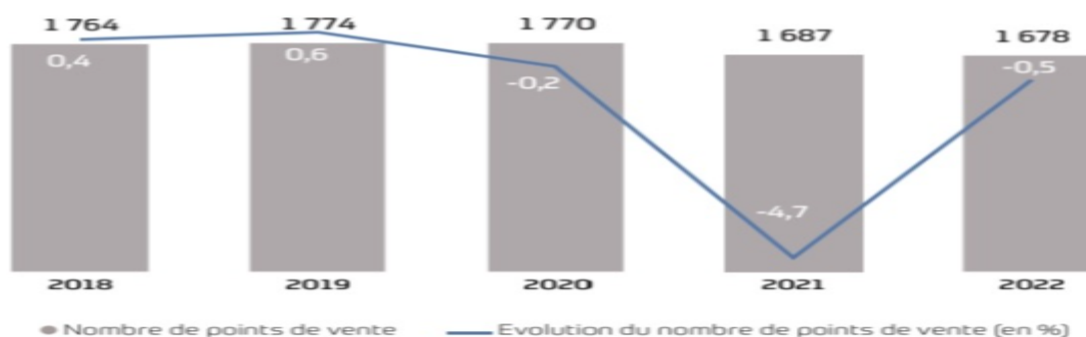
Amana and other institutions have experienced an annual growth rate of 12% in terms of beneficiaries since 2015, which is a testament to the continuous increase in financial inclusion. At the same time, broader financial inclusion initiatives have emerged to encourage access to credit, such as the **"Moussane"** program launched by the Moroccan government. The program offers basic banking services through mobile banking agents in rural areas, where financial infrastructure is often limited. According to figures provided by the **Inclusive Finance Regulatory Commission**, nearly **1.5 million people** in rural areas have been able to access financial services for the first time, including micro-loans or simplified savings accounts.

The development of **fintechs** has also made it possible to expand access to credit, especially for young people and small entrepreneurs. These new businesses are using technology to reduce transaction costs and make credit more accessible to young people with no banking history. **Inwi Money**, for example, allows personal loans via a mobile app, making it easy to access small amounts quickly and without going through traditional banking channels. This type of innovation is essential in a country like Morocco, where access to credit remains unevenly distributed.

However, despite these advances, challenges remain. Microcredit, while largely effective, is not without its critics, particularly with regard to interest rates, which, although lower than those of traditional loans, remain relatively high for the poorest beneficiaries. A World **Bank study** in 2020 found that nearly **15%** of microcredit recipients struggle to repay their loans due to economic pressure, creating a vicious cycle of debt distress.

In conclusion, microcredit initiatives and efforts to promote financial inclusion in Morocco have led to significant progress in reducing inequalities in access to credit. Nevertheless, further efforts are needed to ease credit conditions and extend these services to populations still excluded from the financial system.

Figure 1. Evolution of the network of microcredit institutions in Morocco



Source: Bank Al-Maghrib (2022).Source : https://finance-inclusive.ma/microcredit-voici-les-chiffres-cles-de-lannee-2022-devoiles-par-bank-al-maghrib/

3.2. The impact of public policies on improving access to credit for vulnerable populations

The impact of public policies on improving access to credit for vulnerable populations in Morocco remains a complex issue, marked by notable progress but also by persistent challenges that highlight structural shortcomings and sometimes counterproductive effects. Although initiatives such as microcredit and financial inclusion programs have increased access to finance for millions of Moroccans, these policies have significant limitations that merit in-depth critical analysis.

- **Microcredit initiatives: a limited solution?**

Moroccan public policies, in particular through institutions such as Al Amana, Attawfiq, or the Assistance Fund for the Disadvantaged (ADF), have largely relied on the development of microcredit as a lever to facilitate access to credit. Although these initiatives have enabled millions of Moroccans, especially women, youth and rural dwellers, to start or develop economic projects, the real impact on reducing economic inequalities is limited by several factors. One of the main problems lies in the amount of credit granted. Microcredit is often small, which means that while these loans can finance small-scale projects, they lack the capacity to generate significant growth for larger projects or businesses. In addition, although interest rates are relatively low compared to traditional loans, they are still prohibitive for a significant portion of recipients. A study by the **World Bank** (2020) reveals that 15% of microcredit beneficiaries in Morocco have difficulty repaying their loans, which leads to over-indebtedness and re-entrenchment in a cycle of poverty. As a result, microcredit, far from being a panacea, sometimes becomes a form of debt that keeps vulnerable populations in persistent economic precariousness.

- **Financial inclusion: uneven progress**

The Moroccan government has also launched financial inclusion programs such as **Moussane**, which aim to expand access to credit and financial services in rural areas. Although these programmes have enabled part of the population to benefit from basic banking services through mobile banking agents, progress remains uneven. On the one hand, rural areas do benefit from better access to financial services, but infrastructure remains insufficient in many remote areas. In addition, the digitalization of access to credit, although it represents significant progress, is far from universal. Indeed, access to mobile technologies and the internet remains limited in some areas, and a significant part of the population, especially the elderly and those with little technological education, is still excluded from these services. As a result, even if financial

inclusion is growing, it is not equitable and does not reach the entire vulnerable population in a homogeneous way. In this sense, financial inclusion policies are still insufficient to truly solve the problem of inequalities in access to credit.

- **Fintechs' challenges: real access to credit remains limited**

Fintechs, such as **Inwi Money** and other private sector players, have emerged as a solution to make credit more accessible, especially for young people and micro-entrepreneurs. These platforms provide access to loans through mobile apps, making financial services more accessible, even for those who don't have a traditional bank account. However, while this technology is promising, it is not without its critics. First, the use of mobile technology and digital platforms for lending often involves additional fees, which can make services more expensive for low-income borrowers. Moreover, digital platforms usually favour urban youth and entrepreneurs who are already in a relatively favourable position, thus excluding rural populations or people with a low level of digital education. Fintechs, although facilitating access to credit for part of the population, are therefore unable to reach all vulnerable people, and their model remains limited to a relatively small segment of the population.

- **The lack of a coherent financial education policy**

Another major weakness of public policies for financial inclusion in Morocco is the lack of a systematic financial education framework. Financial education is a key factor in ensuring that vulnerable populations can effectively manage credit and avoid the pitfalls of debt distress. In the absence of robust financial support and credit management education programs, many recipients of microloans or loans through fintechs find themselves in difficult financial situations, unable to repay their loans. A study by **the World Bank** (2020) found that microcredit borrowers often lack the knowledge to fully understand credit mechanisms, increasing the risk of mismanagement and non-repayment. As a result, although access to credit is facilitated, the management of this credit by borrowers remains problematic, thus amplifying economic inequalities instead of mitigating them.

- **Contradictions in public policies: access to credit vs. debt**

Finally, an important criticism of public policies for financial inclusion in Morocco lies in the contradictions that exist between access to credit and debt risks. While public initiatives aim to increase financial inclusion, they sometimes fail to strictly regulate the practices of microcredit institutions, fintechs and banks, which can lead to over-individualisation of credit and a drift towards widespread over-indebtedness. Public policies have not sufficiently anticipated the negative effects of debt on the most vulnerable populations. The lack of regulation on interest

rates, even in microcredit, as well as the absence of mechanisms to protect the weakest borrowers, have led to a situation where access to credit, far from being a way out of poverty, can become a financial burden.

Although Moroccan public policies have improved access to credit for vulnerable populations, they remain incomplete and present significant structural challenges. Microcredit, financial inclusion and fintechs are effective instruments in the short term, but do not meet the basic needs of vulnerable populations in terms of access to more substantial financing and sustainable debt management. Improving access to credit requires a review of the conditions for granting credit, stricter regulation, better supervision of beneficiaries and strengthening financial education to prevent the risk of over-indebtedness. Policies must go beyond access to credit to include prevention measures and financial support to ensure that these initiatives do not contribute to increasing economic inequality.

Conclusion

This study examined the relationship between private debt and economic inequality by analysing the theoretical mechanisms governing access to credit and their implications in the Moroccan context. The analysis shows that while access to credit can represent an important instrument for economic inclusion and development, unequal access to financial resources may also contribute to reinforcing existing economic disparities.

The Moroccan experience illustrates this paradox. Public policies aimed at promoting financial inclusion, particularly microcredit programs and fintech initiatives, have helped expand access to financial services for certain segments of the population. However, these initiatives remain limited in their capacity to address deeper structural inequalities related to income distribution, financial literacy, and institutional constraints.

The study also highlights that imperfections in credit markets, such as information asymmetry, adverse selection, and credit rationing, continue to influence the allocation of financial resources. These mechanisms tend to disadvantage vulnerable populations, who often face higher borrowing costs or limited access to formal credit markets. Consequently, improving access to credit alone cannot be considered a sufficient solution for reducing economic inequality.

From a policy perspective, strengthening financial regulation, improving financial education, and promoting more inclusive financial instruments appear essential in order to ensure that credit mechanisms effectively contribute to economic inclusion. In addition, complementary

policies such as fiscal redistribution and social protection programs may play an important role in addressing structural economic disparities.

Finally, this research presents certain limitations, particularly its reliance on theoretical and documentary analysis. Future research could therefore adopt empirical approaches, including econometric analyses or field surveys, in order to better measure the direct impact of private debt on economic inequality in Morocco.

References

1. Bank Al-Maghrib. (2021). *Rapport sur l'inclusion financière au Maroc 2020*. Bank Al-Maghrib. https://www.bkam.ma
2. Banque mondiale. (2020). *Microfinance and poverty reduction: A review of the evidence*. World Bank. https://www.worldbank.org/en/topic/poverty
3. Bester, H., & Gunther, B. (2019). Adverse selection and asymmetric information in credit markets: A review of the theory. *Journal of Financial Economics*, 12(3), 215–228. https://doi.org/10.1016/j.jfineco.2018.12.003
4. Buchanan, J., & Tullock, G. (1962). *The calculus of consent: Logical foundations of constitutional democracy*. University of Michigan Press.
5. Hoff, K., & Stiglitz, J. E. (1990). Imperfect information and rural credit markets: Puzzles and policy perspectives. *World Bank Economic Review*, 4(3), 233–250. https://doi.org/10.1093/wber/4.3.233
6. Moufakkir, O. (2020). Public microcredit policies in Morocco and their effects on financial inclusion. *Moroccan Journal of Economics and Management*, 15(2), 35–50.
7. Mokhtari, A. (2021). The impact of fintechs on financial inclusion in Morocco. *Journal of Finance and Digital Inclusion*, 8(1), 72–86. https://doi.org/10.1016/j.jfdi.2021.03.005
8. Satterthwaite, M., & Natsios, A. (2019). Financial inclusion and poverty reduction in developing countries: A review of the literature. *Global Development Studies*, 16(4), 98–115. https://doi.org/10.1177/1534563219845820
9. World Bank Group. (2020). *The global state of financial inclusion 2020*. World Bank Group. https://www.worldbank.org/en/publication/global-financial-inclusion