

The Algerian Stock Market, Perspectives and Constraints.

Dr YATIM Mohamed

“ Moulay-Tahar ” University of Saida, Algeria.

yatimmohamed@hotmail.com

ARTICLE INFORMATION

Original Research Paper

Received: 07/6/2023

Accepted: 14/7/2023

Published: 15/9/2023

Keywords:

Keyword.1: stock market

Keyword.2: stock market performance

Keyword.3: financing the economy

Keyword.4: economic development

Keyword.5: political, economic and social constraints

JELG0,G10,G14

Abstract :

Everyone agrees that the lethargy of the Algerian stock market has lasted too long and that the time has come to remedy it through the adoption of a clear strategy and a precise policy likely to revitalize and evolve and to relaunch the activity of this market, so that it can fully play its role in financing the country's economy through the allocation and mobilization of funds saved and thus participate in its economic development. The determination of the various obstacles and constraints that hinder the functioning of the Algerian stock market is imperative for all possible prospects of evolution and dynamization in the near future. This article aims to make an objective statement that clearly determines the constraints and clearly specifies the stakes on the national economy for the purpose of presenting answers able to contribute concretely to the lifting of these obstacles by the realization of fund reforms.

Mots clés:

Mot clé.1: marché boursier

Mot clé.2: performance des marchés boursiers

Mot clé.3: financement de l'économie

Mot clé.4: développement économique

Mot clé.5: contraintes politiques, économiques et sociales.

Codes de classification

JELG0,G10,G14

Abstract :

Tout le monde s'accorde que la léthargie que vit le marché boursier algérien, a trop duré et que le temps est venu pour y remédier à travers l'adoption d'une stratégie claire et une politique précise susceptibles de dynamiser et d'évoluer et de relancer l'activité de ce marché, afin qu'il puisse jouer pleinement son rôle dans le financement de l'économie du pays par l'allocation et la mobilisation des fonds épargnés et participer ainsi à son développement économique. La détermination des différents obstacles et contraintes qui entravent le fonctionnement du marché boursier algérien est impérative pour toutes éventuelles perspectives d'évolution et de dynamisation dans le futur proche. Le présent article veut faire un constat objectif qui détermine clairement les contraintes et qui précise nettement les enjeux sur l'économie nationale pour fins de présenter des réponses aptes de contribuer concrètement à la lever de ces entraves et de ces obstacles par la réalisation de réformes de fonds.

Corresponding Author: YATIM Mohamed: yatimmohamed@hotmail.com

1. Introduction:

The importance and the interest of Stock Exchange Institutions in the development of economies is no longer a subject of confused debate and divergent discussions. They increasingly occupy an important place in modern societies and in developed economies. Considered as an efficient means of allocating financial resources, mobilizing savings and financing the economy, financial markets play a key role in the economic development of countries. This role is no more contested today, so any economy destined to evolve, is imperatively called to equip itself with an effective financial system capable of participating concretely in the economic development of the country.

Similarly, the presence of a strong and dynamic stock exchange will take advantage of the various benefits offered by a direct financing system characterized by a financial disintermediation (without financial intermediation). For the Algerian Economy, an economy of indebtedness, based essentially on indirect finance and where the financial system is lagging behind enormously, it is struggling to carry out adequate reforms likely to modernize its financial system. The same observation is made concerning the Algerian Stock Exchange which, since its creation in 1990, has been dragging its feet and remains a marginal institution whose participation in the country's development is almost derisory. A simple comparison with neighboring countries clearly shows the level of evolution reached by the Stock Exchange Institutions of these countries and that of the Algerian Stock Exchange, either in terms of the level of listed companies, or in terms of the level of capitalization.

This bitter observation raises many questions, prompting a deep reflection that led us to ask questions about the causes and the constraints that hinder the development process of the Stock Market in Algeria in order to find adequate answers and this is the objective assigned to this article through which we will study and analyze the problematic that is frozen and is focused on the simple question: "**Why the Algerian Stock Market does not evolve?**".

- **The research question**: The aim, therefore, is to provide plausible answers to research questions by identifying the real causes that have led to the current situation of the Algerian stock market, and to clearly identify the various constraints that are hindering its development.

- **The research hypotheses**: In the same context, the formulation of hypotheses is essential; they constitute the probable answers to the problem posed and which must be either affirmed or refuted. For our present problem, the hypotheses formulated can be specified as follows:

- **Hypothesis 1:** The constraints on the development of the Algiers stock exchange are linked to its internal environment, both institutional (structural and organisational).
- **Hypothesis 2:** The constraints on the development of the Algiers stock exchange are linked to its external environment, of a socio-economic, political and cultural nature.
- **Hypothesis 3:** The Algiers stock exchange can provide the essential support for financing and economic development

- **The research objectives:** Like every research study, which has certain objectives, the objectives of our study focus mainly on identifying the various constraints that are blocking the development of the Algiers stock exchange, with a view to finding appropriate solutions to these obstacles. It also stresses the importance of having a strong stock market capable of allocating funds saved, stimulating investment and promoting economic performance. These objectives are as follows:

1. Explain the importance and role of stock markets in national economies.
2. Participate in the development of stock markets by creating the adequate conditions for their evolution.
3. Improve the internal and external environment of the stock markets so that they can be fully integrated into the economic activity of the country.

- **Methods:** In order to carry out this study, a certain methodology was adopted in which two styles were used, the first specifying a descriptive approach linked to the theoretical aspect of the study, the second an analytical approach, linked to the quantitative aspect of the study.

Also for achieving these objectives, a comparative study of three stock exchanges - Algiers, Tunis and Casablanca - was presented. The quantitative study was carried out on the basis of data provided by the World Bank and data collected from the activity reports of the three exchanges, for a ten-year period (2010-2020).

The study focused on measuring the evolution of stock market activity on the basis of:

- The evolution of the number of listed shares,
- The evolution of market capitalisation,
- The evolution of market capitalisation/GDP.

2. The Stock Market, a Conceptual Approach:

An apprehension of the concept of the Stock Exchange, stipulates a preliminary comprehension of the concept of the financial markets where we can say that the stock exchange is considered as an integral part of these

markets as well as the Money Market, the Exchange Market. Thus, Financial Markets are considered to be the place where demand and supply of capital are confronted. It is also the place where different economic agents (households, private or public economic companies, the state, the foreign world) can acquire different means of financing. They allow the meeting between borrowers with a need for financing and lenders with financing capacities.

In the same thread, the financial market as an institution ensures the financing of a country's economy, by ensuring the mobilization of domestic as well as foreign savings and by ensuring the negotiation of different financial products. Juvin. H defines the Financial Market as: "a set of systems for issuing and exchanging financial instruments by ensuring the conditions for their trading, settlement and delivery". (KOUDRI, 2012)

It is at the level of the financial markets that the negotiation and exchange of the different financial products takes place, they are considered as the places and spaces where supply and demand of financial assets meet, "The capital markets can be considered as an industrial system of collection, transformation and allocation of financial resources. (Yatim.Mohamed, 2011) On the other hand, Financial Markets are used in the plural to distinguish between several types of markets, including:

1. The Stock Market (share market, bond market).
2. The Money Markets.
3. The Derivatives Market.
4. The Foreign Exchange Markets.
5. The Commodities Market.

The Stock Exchange is therefore a financial market in which securities and commodities are traded. This is why the term Stock Exchange is commonly used, which is the place where shares and bonds listed on the stock exchange are sold and bought by investors, as distinct from other uses such as the Labour Exchange, the Commercial Exchange, etc. Considered as a central institution in the financial system, the Stock Market is defined by the Larousse as follows: (Larousse, 2022)

It is the "Place, public building where people (traders, brokers, operators of Stock Exchange Companies, etc.) who engage in trade or financial operations meet to deal with their business".

It is the "Market where transactions in securities or commodities are carried out".

It is also defined as "a Stock Exchange is a place where security trading is conducted on an organized system" (R. Schwartz-J. A. Byrne-L. Wheatly, 2015)

The Stock Market has two complementary compartments:

- The Primary Market or the market for new issues of securities during an IPO, or during a capital increase.
- The Secondary Market is the Stock Market where the issued securities are traded and exchanged, it ensures liquidity.

3. The Interest of the Stock Market:

The interest of Stock Market is firstly in their key role in promoting economic efficiency by transferring funds from savers to investors, stimulating national savings and promoting investment. Secondly, Stock Markets are a vehicle for economic growth by improving the level of national output. Thirdly, these markets participate in the process of national wealth creation, whether collective or individual. (Frederik. S. Miskin, 2010)

In the same context, we note that the functions assigned to the Stock Markets can be resumed in:

1. Allocation of resources through the mobilization of domestic and foreign savings,
2. The liquidity of securities through the exchange that ensures the transfer of securities between holders and traders,
3. The determination of the price of securities through the listing of traded securities.

In another approach based on the economic services provided by the Stock Markets, whose economic functions are determined, as Professor Baruch states, as follows: (R. Schwartz-J. A. Byrne-L. Wheatly, 2015)

1. Handle transactions with reasonable speed at reasonable cost (this one obviously has to be correct),
2. Find the two sides of trade (well, quantity discovery does matter),
3. Produce the price (price discovery certainly is important),
4. Facilitate capital raising in the primary market (it is uncontested that a vibrant IPO market is vitally critical for country's economic growth),
5. All of the above.

4. History and Situation of the Algerian Stock Exchange:

With the economic reforms of the 1990s and the transition of the national economy to a market economy, the foundations of the Securities Market were instituted by Legislative Decree No. 93-10 of 23 May 1993, as amended and supplemented by Law No. 03-04 of 17 February 2003, on the Securities Market. Since that time and more precisely since 1999, the effective date of the start of the Algiers Stock Exchange, about 23 years ago, things have

hardly changed and we are now witnessing the lethargy of this institution. And despite the reforms launched by the public authorities, which focused on the bond market in particular and whose aim was to boost the Stock Market, they did not have the expected results.

Such a situation of the Algiers Stock Exchange is clearly shown through the statistics which specify that the participation of this institution in the GDP is almost rudimentary; it is 1/1000th, whereas it is estimated at 20% in Tunisia and 60% in Morocco. In addition, the number of companies listed on the Algerian Stock Exchange does not exceed four (04) companies and a capitalization of around DZD 42.88 billion for the year 2020 (ASE, 2020). while the Tunisian stock exchange has eighty (80) listed companies with a capitalization of about 23262 MD for the year 2021, with a foreign share of about 5374 MD representing 23.10% of the overall capitalization (CMF-Tunisia, 2021), while these gains were estimated at 2.3%. The Moroccan Stock Market (AMMC, 2020) has about 76 listed companies with a capitalization of about 584.97 billion Dirham, i.e. A market capitalization/GDP ratio of 53.69% for the year 2020 and gains of about 18.4% for the year 2021. (AMMC-MAROC, 2020).

Following the example of what was presented earlier, a brief study of the capital structure of companies listed on the stock exchange such as the Saidal group, EGH El Aurassi, Erriadh before being delisted, brings out the observations and remarks specifying that the majority of the shareholders are the holding, at the threshold of 80%. This prompts the question of the change brought about by the IPO on the status of these companies in terms of property rights and on the usefulness and advantages acquired. On the other hand, the Stock Market activity shows a predominance of the debt securities compartment over that of property securities, where operations on bonds are clearly superior to those on shares. As a result, the Algiers stock exchange remains a not very liquid and unattractive market. This comparative study of the three Stock Markets on the basis of the data illustrated in the annual reports, demonstrates a bitter observation that characterizes the Algerian Stock Market and specifies its rudimentary place in the national economy:

4.1 The Evolution of the Number of Listed Companies:

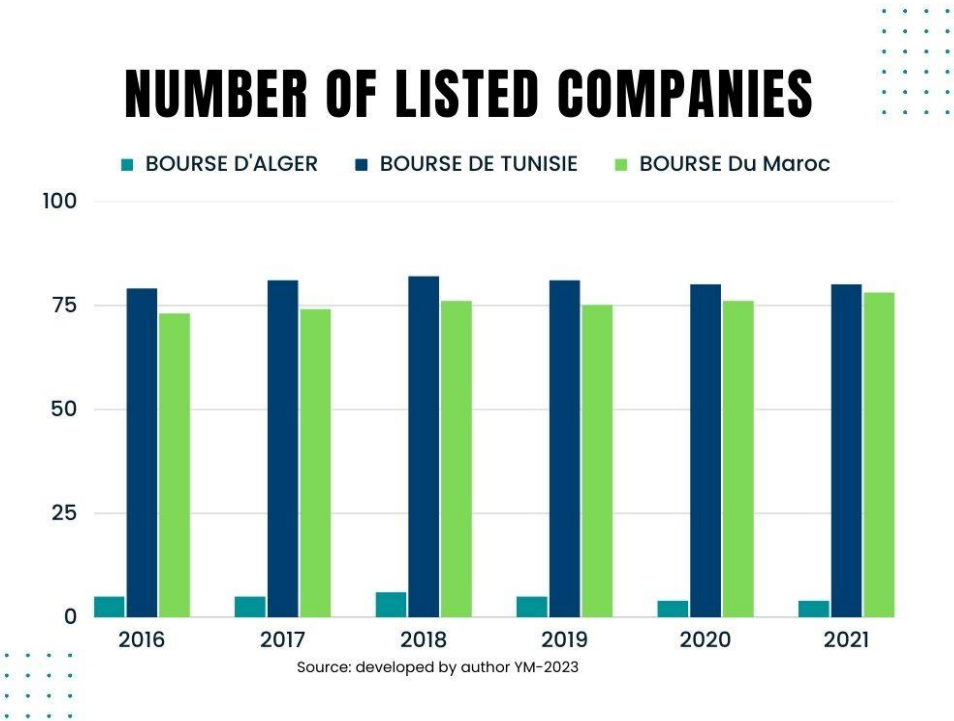
Table 01: Number of Listed Companies

Listed companies	2020	2019	2018	2017	2016
Algiers stock exchange	04	05	06	05	05
Casablanca stock exchange	76	75	76	74	73
Tunis stock exchange	80	81	82	81	79

Source: developed by the author YM-2023.

An initial observation of the data listed above, which emanate from the activity reports published by the three stock exchanges (in local currency), reveals the shortcomings of the Algiers stock market compared with other markets in neighbouring countries. As we can notice it, these statistical data, specify that the Algerian financial market remains the weakest stock exchange of the Maghreb and closes the table of the African Maghreb stock exchanges at the last rank from the point of view of the liquidity and the restricted number of the quoted companies. This small number of companies listed in the Algiers stock exchange has hardly changed for a period of twenty-four years, which amply affects the liquidity of the exchange. On the other hand or the comparison is not necessary with the stock exchanges of Casablanca with seventy-six (76) listed companies and Tunis with eighty (80) listed companies 2020. Such a number ensures the two stock exchanges some liquidity and allows them to fully play their role in the financing of the economy. This bitter observation, calls us to question the real causes of the reluctance of economic operators to join the Algiers stock exchange and to question the policies and measures adopted to remedy this situation. We will come back later on this subject.

Figure 01: Number of listed companies.



4.2 The Evolution of the Level of Market Capitalisation:

The definition of market capitalisation is the value of all the shares of listed companies at market price. It is equal to the number of shares in circulation multiplied by the share price.

A first reading of the figures relating to the market capitalisation of the three markets shows the gap between the value of all the securities traded on these markets. Thus, the average capitalisation for the period 2010-2020 has been estimated at \$255 million on the Algiers stock exchange, \$8.8 billion on the Tunis stock exchange and \$59 billion on the Casablanca stock exchange, which ranks first. Therefore, the small number of companies listed on the Algiers stock exchange may justify the low market capitalisation. Nevertheless, this argument cannot be used as a pretext for the gap between the Casablanca and Tunis stock exchanges in terms of capitalisation, the latter having a number of listed companies slightly higher than that of Casablanca. This enormous gap between the Algiers stock exchange and the other stock exchanges expresses the critical situation that this market is experiencing, which deprives it of capacities and means allowing it to perform its essential function as a source of financing.

Additively, we can also note initially that over the period 2010-2020, the Coumped Annual Growth Rate (CAGR)* of the market capitalisation of the Algiers stock exchange was estimated at 12%, that of the Tunis stock exchange was -2% and the Casablanca stock exchange was -0.5%. The interpretation of this rate allows a clear vision on the evolution of the market capitalisation of the three stock exchanges. Where the capitalisation has known an average increase of 12% each year at the level of the Algiers stock exchange throughout this period. On the other hand, this capitalisation has experienced an average annual decrease of about 2% at the level of the Tunis stock exchange, which is equivalent to an average annual increase of about 0.98 of the capitalisation. The decrease was of 0.5% at the level of the Casablanca Stock Exchange, which is equivalent to an average increase each year of about 0.995 of the capitalisation over a period of ten (10) years.

Table 02: Evolution of market capitalisation/GDP

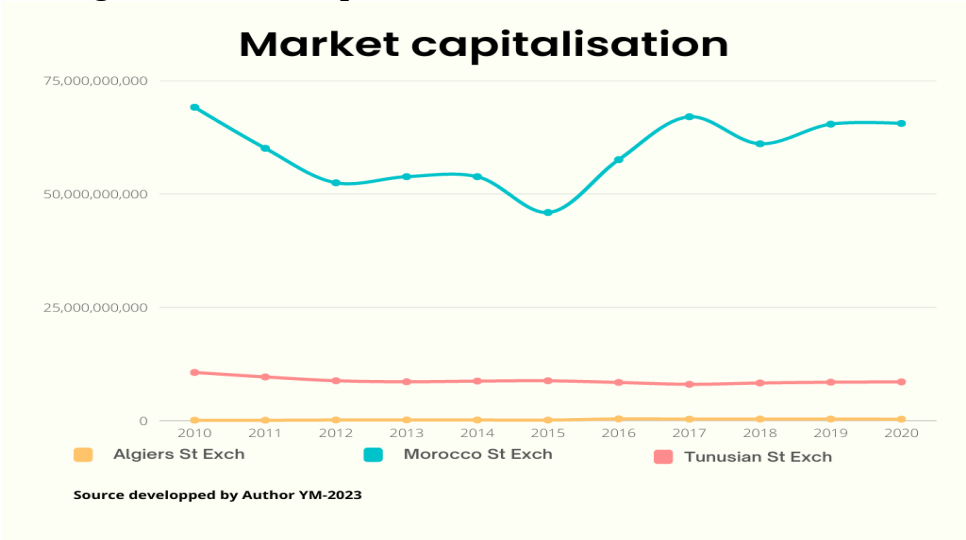
Years/ chiffres en dollars	Algeria			Morocco			Tunisia		
	GDP	Capitalisation	Cap/GDP	GDP	Capitalisation	Cap/GDP	GDP	Capitalisation	Cap/GDP
2010	161 207 270 185	105412463	0,07%	93216746661	69152109987	74,18%	46206091938	10651709,985	23,05%
2011	200 013 052 199	196798216	0,10%	101370474295	60087889956	59,28%	48122744708	9661970005	20,08%
2012	209 058 991 952	166815679	0,08%	98266306615	52479839964	53,41%	47311159485	8823150010	18,65%
2013	209 755 003 251	176833872	0,08%	106825649872	53831380010	50,40%	48684187850	8600519999	17,67%
2014	213 810 024 944	168288845	0,08%	119131365761	52746799951	44,28%	50271072628	8743770021	17,39%
2015	165 979 279 263	144019727	0,09%	110414366621	45927919969	41,60%	45780077488	8819259994	19,26%
2016	160 034 163 871	414179631	0,26%	111572673973	57579718882	51,61%	44360754190	8450199994	19,05%
2017	170 097 014 589	353143989	0,21%	118540548906	67048479948	56,57%	42163966273	8031737829	19,05%
2018	174 910 878 623	371418618	0,21%	127341174715	61080779977	48,00%	42685972269	8328989995	19,51%
2019	171 767 403 748	360711547	0,22%	128919944681	65415259977	51,00%	41906113686	8503229998	20,30%
2020	145 009 181 491	304519281	0,21%	121348138320	65574809955	54,03%	42537832456	8571710011	20,15%

Source: developed by author YM-2023.

*

$$CAGR(TCAM) = \left(\sqrt[n]{\frac{V_n}{V_0}} - 1 \right) 100 \text{ or } \left(\sqrt[n]{(CM)} - 1 \right), CM = 1 + TCG/100$$

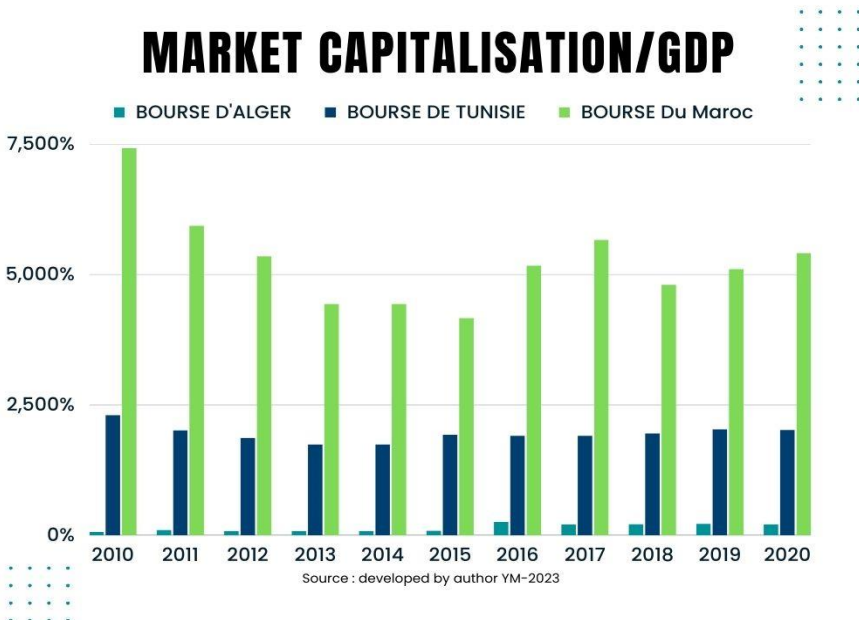
Figure 2: Market capitalisation.



4.3 The Evolution of Market Capitalisation/GDP:

The second observation concerns the ratio of market capitalisation to GDP, which expresses the weight of this capitalisation in the financing of the national economy. An analysis of the average annual growth rate (CAGR) of this market capitalisation/GDP ratio over the period 2010-2020 shows that it is increasing by an average of 0.03% each year. The report also reveals the bitter reality that the Algiers stock exchange plays no part in the formation of GDP and, consequently, in the country's economic growth. This derisory rate was estimated at 0.21% in 2020, confirming the non-performance of the Algiers stock exchange in allocating the funds needed to finance the economy. The situation is hardly the same on the other two stock exchanges. The Casablanca and Tunis stock exchanges have seen their market capitalisations rise by an average of 10% per year over this period (CAGR=10%), putting the Casablanca stock exchange in first place. Similarly, the Tunis stock exchange also stands out, with an increase in market capitalisation to GDP of 4% on average each year over the period 2010-2020 (CAGR=4%). These results underline the performance and important role played by stock exchanges in mobilising the capital needed to finance economic growth by increasing the level of national production, i.e. by boosting GDP.

Figure 03: Market capitalisation of listed companies/GDP (%)



Ultimately, through this analysis, the Casablanca stock exchange (Morocco) stands out from the other stock exchanges from the point of view of its size where the number of listed companies is around 76 companies, from the point of view of the evolution of the level of capitalisation which is experiencing an increase after a period of regression to stand at around 60 billion dollars and from the point of view of its performance in financing the economy, the capitalisation/GDP ratio was 54% in 2020. For the Tunis stock exchange (Tunisia), despite the number of companies listed (80), it has not seen much change over a period of ten (10) years, either in terms of capitalisation (around 8.5 billion dollars) or the capitalisation/GDP ratio (20%). Finally, the weaknesses of the Algiers stock exchange in terms of performance and liquidity are attributed mainly to the small number of listed companies (4). Despite the positive trend in capitalisation after 2016, it remains insufficient for the stock exchange to be able to allocate and collect the funds needed to finance the economy. The 0.21% capitalisation/GDP ratio clearly highlights the situation.

Without going into too much detail about the numbers, the following can be inferred:

1. A small number of listed companies raise several questions about the reluctance of Algerian private or public companies to enter the Stock Market and to agree to open up their capital.
2. Low market capitalisation due to the low number of transactions, which affects the liquidity of the market, making trading and exchange of securities immediately impossible where holders find it difficult to pay for their securities.
3. Low participation of the Stock Market in GDP, due to the inability of the Stock Market to allocate and to mobilize national savings and to provide the necessary means to finance the country's economy.

5. Constraints on the Development of the Algerian Stock Exchange:

At this stage of the study, the clarification of the various constraints that obstruct the evolution of the Algerian Stock Market is imperative for all possible future perspectives aiming at the consolidation and the dynamization of this institution in the economic development of the country, these constraints are:

5.1 Sociocultural Constraints:

Thus, the absence of a managerial culture and stock market culture among the owner-managers of Algerian companies is at the origin of this reluctance and refusal to call on the stock markets. This situation is due to the nature of

ownership of private Algerian companies, which are mostly family businesses where the property rights are held by members of the same family who also act as managers. Consequently, a possible IPO requires a prior opening of the capital, which is synonymous for the owners of the companies with the loss of their property rights. This opening up of company capital to private investors also requires a separation between property rights (principal) and the act of managing (agent), which will surely lead to conflicts of interest between the different partners, owners on the one hand and managers on the other (agency theory). This is where the stock exchange comes in to ensure compliance with the principles of governance in terms of transparency of financial information, integrity in respecting and applying the rules and laws, and fairness in terms of the representatives of shareholders and the various stakeholders.

The same situation has been observed in public companies, where the state owner has been hesitant to open up the capital of these companies until now. This is due, perhaps, to the understanding of the extent and importance of the notion of sovereignty or trying to preserve the public ownership of these companies, the state has promulgated laws in this sense such as the 51/49 law, the pre-emption law with the aim of keeping the majority shareholding. The result of these laws is well known, a failure of either national or foreign capital do not agree to invest with these conditions, which has led the public authorities to review its policy and repeal these restrictive laws

From a social point of view, these constraints are linked more particularly to the social structure of Algerian society and its ethical and religious cultural heritage, which contribute to the amplification of the crisis of confidence in the financial system and at all its institutions, privileging the informal sector as a reliable and safe sector outside the control of the state. To remedy this situation, adequate measures must be taken to promote the stock market culture among the various economic agents, the state, companies and the general public.

5.2 Political and Institutional Constraints:

It is obvious that the policy of the public authorities since 1993, the date of the institution of the Algerian Stock Market, has been characterized in general by some hesitations with regard to the development and the dynamisation of this institution, which clearly specifies the indecisive policy relating to the installation of the real structures of a true market economy. This state policy is perhaps due to the possible risks that a Stock Market presents to the stability of a preservative economy that still preserves some residues of a bygone socialist system.

Thus, all political decisions aimed at reducing state intervention in the economic sphere so that it can devote itself, as in any competitive market

economy, to its role as regulator, which is synonymous with demonopolisation, are strategic decisions that are hardly likely to be taken in the future because they are linked to the concept of sovereignty and to the doctrines that specify the interventionist role of the state in the economic activity of the country. (A.Mebtoul, 2020).

Consequently, for an effective revival of the Algerian stock market, any possible privatization operation in the future of public companies, whether economic or banking, must be carried out on this market.

Added to all this at institutional level are the difficulties posed by the conditions for listing on the stock exchange, especially the conditions required by the statute of joint stock companies (*sociétés par action* - SPA), which requires a minimum of seven (07) shareholders, except in the case of companies with public capital; and a minimum share capital requirement of 5,000,000 DA in the case of a public offering and 1,000,000 DA otherwise.

There are also other difficulties relating to the fundamental principle of transparency, which companies often fail to honour, to respect in terms of accounting failings, lack of control over assets, lack of clarity in financial statements, and reluctance to disseminate information (tax evasion).

5.3 Economic Constraints:

The main constraint that hinders the evolution of the Algerian stock market is the lack of liquidity, which is held by the banking system and by the informal sector. Indeed, one of the constraints lies in the constraining role of the informal economy, which has developed since 1980, favoured by the dysfunction of the Algerian economy, and has reached grandiose proportions, reaching 30% of the GDP in 2020, estimated at 145.2 billion dollars. Thus, as stated by the World Bank, the income generated by informal economic and commercial practices had reached no less than 43.6 billion dollars in 2020. Thus, the framework favoured by the parallel economy for capital flight, resource deprivation and tax evasion constitutes a major obstacle to the proper functioning of formal markets, such as the stock market. Such a situation must not last too long, and the formalisation of the informal sector must be achieved through the digitalisation of the national economy.

A second constraint lies in the fact that the national financing system is centred on banks, which finance more than 90% of needs. It should be noted that the public banking sector alone holds 80% of deposits, while the 20% is held by private banks. Also the banking liquidity during the year 2021 was estimated at 1 331.95 billion dinars with a strong increase of 110.64%, against 632.33 billion dinars at the end of December 2020, with a significant decline of -40.95%. The money supply in the M2 sense recorded a growth of 13.75% in 2021 (Bank of Algeria, 2022). This excess liquidity has encouraged the development of a debt-based economy in which companies

prefer bank loans to direct financing on the financial market. Thus, the transition from a debt economy to a capital market economy requires, among other things:

- A channelling of the national savings mobilised towards the stock market for the financing of investment projects.
- The orientation of lenders' decisions towards profitable investment projects through the acquisition of information and the allocation of resources.

6. Prospects for the Development of the Algerian Stock Exchange:

Now that the various economic, political, social and cultural constraints have been identified, it is time to look at the prospects for the Algiers stock market in the near future. The first step is to put in place a long-term strategy and a medium- and short-term policy that will enable the stock market to develop and make a concrete and effective contribution to financing the economy by allocating, mobilising and collecting national savings. A number of measures have been adopted by the public authorities to encourage and motivate companies to join the stock market and take advantage of the various benefits it offers, including tax incentives. Every time a company opens its capital on the stock exchange, it benefits from a reduction in Income Tax (IBS) at the rate of the opening over a period of five years. In addition, income generated by stock market transactions and dividends is totally tax-exempt.

Making the Algiers stock exchange an attractive market for financing and investment also calls for additional measures, such as

- Establishing an attractive incentive environment, specifying the advantages and benefits offered by the stock exchange to the various economic players.
- Developing a competitive business environment, free from all forms of bureaucracy.
- Putting in place procedures to encourage the transfer of public companies to the private sector (privatisation procedures, partnerships, etc.), synonymous with the disengagement of the state through privatisation programmes that unblock this process.
- Improving transparency by facilitating access to financial information.
- Facilitating IPO procedures by easing eligibility requirements.
- Opt for diversification of securities traded on the stock exchange through the issue of new securities;
- Disseminate stock market culture and practices among the various operators.

Conclusion:

Since it was set up in 1993, the Algiers stock exchange has still not managed to get off the ground, struggling to find its feet in an unfavourable economic, political and social environment. So why is the Algiers stock exchange struggling to develop? To answer this question, the hypotheses put forward state that the constraints hindering the development of the Algiers stock exchange are either linked to its internal environment or to its external environment. In fact, a multitude of constraints and obstacles are hindering its progress. The low liquidity due to the small number of securities traded in the two compartments is seriously hampering the stock exchange's mission and affecting its role in providing the funds needed to finance the national economy.

As a result, ensuring the full integration of the Algiers stock exchange into its economic and financial environment; calls on the various stakeholders to address these difficulties. Everyone agrees on the role played by the financial markets in promoting the level of investment through the various modes and means of financing that they offer. The first step, therefore, is to attract public and institutional savings invested in companies listed on the stock exchange, and to relaunch the privatisation process by encouraging the transfer of public companies to the private sector via the stock exchange. Added to all this is the need to promote a stock market culture by disseminating these practices, with the aim of dispelling fears and clarifying grey areas with regard to the financial markets.

In order to boost the role of the Algiers Stock Exchange, the public authorities must reduce bureaucratic constraints, carry out in-depth reforms of the Algerian financial system, combat the informal economy, create a competitive business climate and promote greater liberalisation of the economy in favour of the private sector.

Finally, the last hypothesis insists on the fact that the Algiers stock exchange can constitute this indispensable support for financing the economy alongside the banking system, absorbing and channelling a part of the liquidity in circulation (money supply in circulation) that escapes it, because it is unthinkable that holders would find it difficult to pay for their securities. The costs of introduction and the issue of transparency are often cited as the reasons for the reluctance of economic operators. This should prompt the regulatory authorities to look into the matter and find appropriate solutions. Finally, the development of stock markets must incorporate financial innovation through the offer of new financial products likely to attract new operators.

Bibliography:

- AMMC-MAROC. (2020). *Rapport annuel*. Casablanca : Autorité Marocaine du Marché des Capitaux.
- ASE. (2020). *Rapport de gestion*. Alger : Algiers stock Exchange
- Bank of Algeria. (2022). *RAPPORT ANNUEL 2021, évolution économique et monétaire en Algérie*. Alger.
- BOUZAR. C, AMMOUR. B, Les Conditions de Développement du Marché Financier en Algérie, deuxième conférence nationale sur le thème : la performance de la bourse sur l'efficacité de financement de l'économie, université africaine, Adrar, 24-25 avril 2007.
- CMF-Tunisie. (2021). *Rapport d'activité*. Tunis : Conseil des marchés financiers (Bourse de Tunisie).
- Dubois Jean-Marc. Les bourses du Maghreb : les contraintes de l'émergence. In: Revue d'économie financière, n°29, 1994. Les marchés financiers émergents (I) pp. 191-200.
- Frederik. S. Miskin. (2010). *Monnaie, banques et marchés financiers*. France : Pearson Education.
- KOUDRI, A. (2012). Le marché financier en Algérie : situation et perspective. *Les cahiers du CREAD* n°101- 102, 05-20.
- Larousse. (2022, mai 4). *Bourse*. Récupéré sur <https://www.larousse.fr> .
- Mebtoul. A (2020, 12 21). *Les cinq conditions préalables au succès de la privatisation partielle via la bourse d'Alger*. Récupéré sur AfricaPress. Paris.: <https://www.africapresse.paris/>
- MOKHEFI. A, AMRANI. M (2016), Accroître l'efficacité du marché financier algérien et révision de la politique financière Une option pour sortir de l'économie d'endettement, revue Dirassat, v7, n°6, septembre 2016, Université Laghouat.
- Schwartz-J. R, A. Byrne-L. Wheatly. (2015). *The Economic Functions of Stock Exchange*. Switzerland: Springer International Publishing.
- Yatim. M (2011). Impacts des marchés financiers sur la gestion des ressources humaines. Thèse de doctorat. Faculté des sciences économiques, Tlemcen, Algérie.
- World Bank, www.banquemonddiale.org.