



Fintech fundraising challenges in Morocco

Défis de la levée de fonds des fintechs au Maroc

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Abstract

The fundraising process is a crucial step for fintech companies, aiming to support their growth and innovation. These enterprises are actively engaged in the quest for investments to develop new technologies, expand their market presence, and maintain competitiveness, as they provide numerous opportunities for innovation and transformation of financial services. However, the fundraising process is not without its challenges. Currently, the primary concern for fintech companies lies in seeking funding to expand their operations and introduce innovative services. This document focuses on analyzing the challenges associated with fundraising for fintech in Morocco, hindering the development of this sector at both the national and African levels. Additionally, it examines the solutions envisioned by the government to incubate and support these new players in the market.

Keywords: Fundraising ; Fintech ; Innovation ; Investment ; Challenges.

Résumé :

La levée de fonds est une étape cruciale pour les fintechs, visant à soutenir leur croissance et leur innovation. Ces entreprises sont activement engagées dans la quête d'investissements pour développer de nouvelles technologies, élargir leur présence sur le marché et maintenir leur compétitivité, car elles offrent de nombreuses opportunités d'innovation et de transformation des services financiers. Cependant, le processus de la levée de fonds n'est pas dénué de défis. Actuellement, la principale préoccupation des fintechs réside dans la recherche de financements pour étendre leurs opérations et proposer des services novateurs. Le présent document se focalise sur l'analyse des défis associés à la levée de fonds des fintechs au Maroc, entravant le développement de ce secteur tant au niveau national qu'africain. De plus, il examine les solutions envisagées par l'État pour incuber et soutenir ces nouveaux acteurs sur le marché.

Mots clés : Levée de fonds ; Fintech ; Innovation ; Investissement ; Défis.

Introduction

Fintech, embodying a harmonious fusion between the realms of finance and technology, has emerged as catalysts for change. Their agility and ability to leverage the latest technological advances position them as key players in redefining the financial landscape. Fintech is defined as the use of technology and innovation to provide financial services in a more efficient, more accessible and more affordable way (Arner, and al. 2015). Fintech has introduced an unprecedented wave of innovation in the financial sector. From mobile payment platforms that facilitate day-to-day transactions to the use of artificial intelligence for more accurate credit analysis. These innovations respond to the changing needs of consumers and businesses alike. Fintech innovation therefore increases access to financial services and improves operational efficiency. The transformation of the financial sector by fintech goes beyond punctual innovation. It calls into question traditional models and redefines the very nature of financial services. (Arner, and al., 2015).

In this context of transformation, it is crucial to examine the consequences of financial innovation and the advent of fintech. The rise of this financial innovation has considerable potential to influence the future of financial services, promote financial inclusion and contribute to a more dynamic and resilient economy.

However, this transformation is not without challenges; Fintech have to overcome significant obstacles, not only in terms of risk management, regulatory barriers and fierce competition, but also with regard to fund-raising and financing issues.

Fintech, often focused on innovation and technology, rely heavily on capital to finance their operations, stimulate research and development, and support their rapid growth. Fundraising provides fintech with the tools they need to put their innovative ideas into practice, expand their market footprint and remain competitive in a dynamic sector. In addition, the funds raised enable fintech to navigate through regulatory challenges, strengthen their technology infrastructures, and attract key talent.

It is in this context that our work focuses on the aspect of fundraising from fintech in Morocco. Thus, we will try to find answers to the following question: **What are the difficulties that fintech in Morocco face when raising funds?**

First of all, we will present a synthesis of the fintech fundraising literature review. Through this analysis, we will describe the research methodology developed to highlight the

importance of fintech fundraising and analyze key figures on a global scale, in Africa and Morocco. In a second part, we will examine the challenges faced by Moroccan fintech in raising funds, while proposing analyses to overcome these obstacles. The objective of this article is to promote the development of fintech in Morocco, to expand their activities through fundraising, and thus to help stimulate innovation.

1- Fintech fundraising literature review

Fundraising is crucial in the world of business and entrepreneurship (Didier Bernard, and al., 2022). This applies to start-ups, growing, and innovative industries such as fintech. At the heart of modern financial dynamism, fintech have emerged as engines of innovation and transformation (de Vauplane, 2015b).

For these innovative start-ups, fundraising is a key strategic element, driving their growth, funding their technological ingenuity, and ensuring their sustainability in an ever-changing market.

In this context, the literature provides an enlightening insight into the crucial importance of fundraising for fintech. These companies, often characterized by their agility and unceasing pursuit of innovation, face an intense competitive environment where the availability of capital plays a central role in their success.

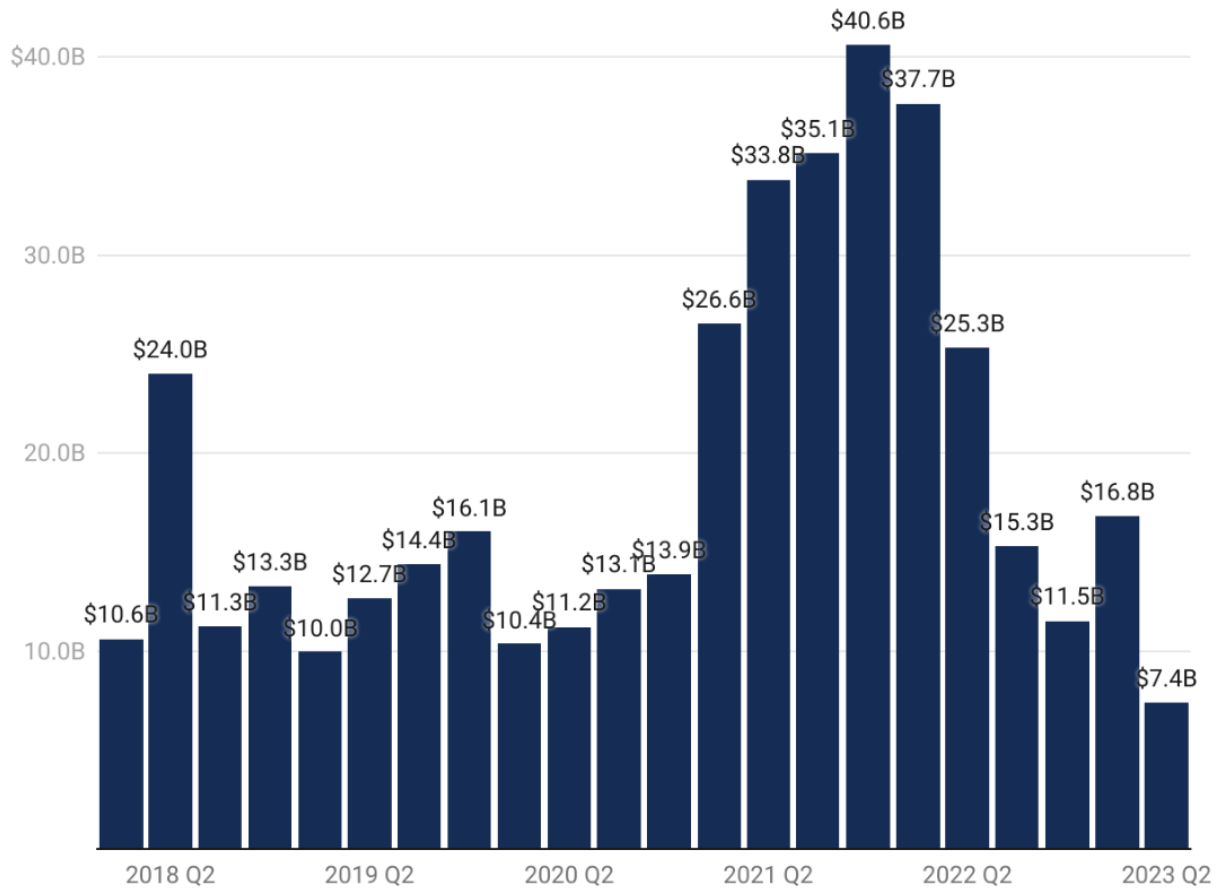
1-1- Importance of fintech fundraising and key figures

First, fundraising, in the financial context, refers to the act of obtaining external capital from investors, financial institutions or the public to finance the activities of a company, project or organization. This can be done through various mechanisms such as selling shares, issuing bonds, crowdfunding, or other financial instruments. (Stephen Ross and al., 2021).

And in this era of accelerated digitalization, fundraising is emerging as a key catalyst for supporting the ingenuity and growth of fintech start-ups. Thus, fund-raising is a common way for fintech companies to finance their operations (Achraf Ayadi & Marc Bidan, 2023).

The fintech industry is accelerating and consolidating, as shown by the global fintech fundraising figures according to the Dealroom report in the 2nd quarter of 2023:

Fig. 1 : Worldwide fintech fundraising in billions of dollars per quarter



Source: Dealroom.co, “fintech funding 2023”

It is noted that fintech received \$7.4 billion in global funding in the second quarter of 2023, reaching their lowest level since 2018 and representing less than half of the funds raised in the previous quarter in 2023 (this period was influenced by the exceptional inclusion of \$6.5 billion in Stripe fintech). In retrospect, venture capital investments in the area of financial technology have increased by 24 times over the past decade.

It is inferred that fundraising for fintech globally is an issue of growing importance, reflecting the rapidly changing global financial landscape. Fintech, as industry innovators, rely heavily on fundraising to finance their projects, stimulate research and development, and expand their presence on global markets. This necessity arises mainly from the importance of globalization, as emphasized by Henri Bourguinat in 1987, and the approach to financial innovation by Jean-Paul Abraham in 1987.

In the context of fintech fundraising. Investors around the world are increasingly interested in the opportunities offered by fintech because of their potential for positive disruption in the

financial sector. This has led to a global competition to attract investment, highlighting the importance for fintech to demonstrate a strong value proposition and ability to adapt to different markets.

The dynamic fintech sector acts as the catalyst for a profound revolution in the global financial landscape. This transformation is closely linked to the way different fintech sub-industries are financed. Each of these sub-industries, whether online payments, peer-to-peer loans, wealth management or other segments, contributes to shaping the financial future through unique innovations. This exploration will be supported by the table below, highlighting how these fintech sub-industries are funded globally.

Table 1 : Financing of fintech worldwide by sub-industry per year (in billions of dollars)

Years	Payments	Financial management solutions	Mortgages & lending	Insurance	Wealth management	Crypto and defi	Banking	Regtech
2023	10.07	3.09	3.01	2.89	2.20	2.13	2.10	0.50
2022	19.16	14.49	12.53	7.67	13.39	20.67	10.43	1.64
2021	33.94	23.32	20.03	15.45	23.19	22.73	19.85	4.95
2020	13.64	6.92	5.66	9.09	6.53	2.18	7.75	1.31
2019	12.80	7.52	9.83	7.80	5.39	1.99	7.78	1.66
2018	22.56	5.01	24.84	4.52	8.30	3.64	4.44	-
2017	8.02	5.65	8.18	3.34	6.07	1.08	3.29	-
2016	9.43	2.86	11.21	1.94	3.97	0.45	2.39	-

Source: Dealroom.co, report “fintech funding 2023”, figures to July 2023

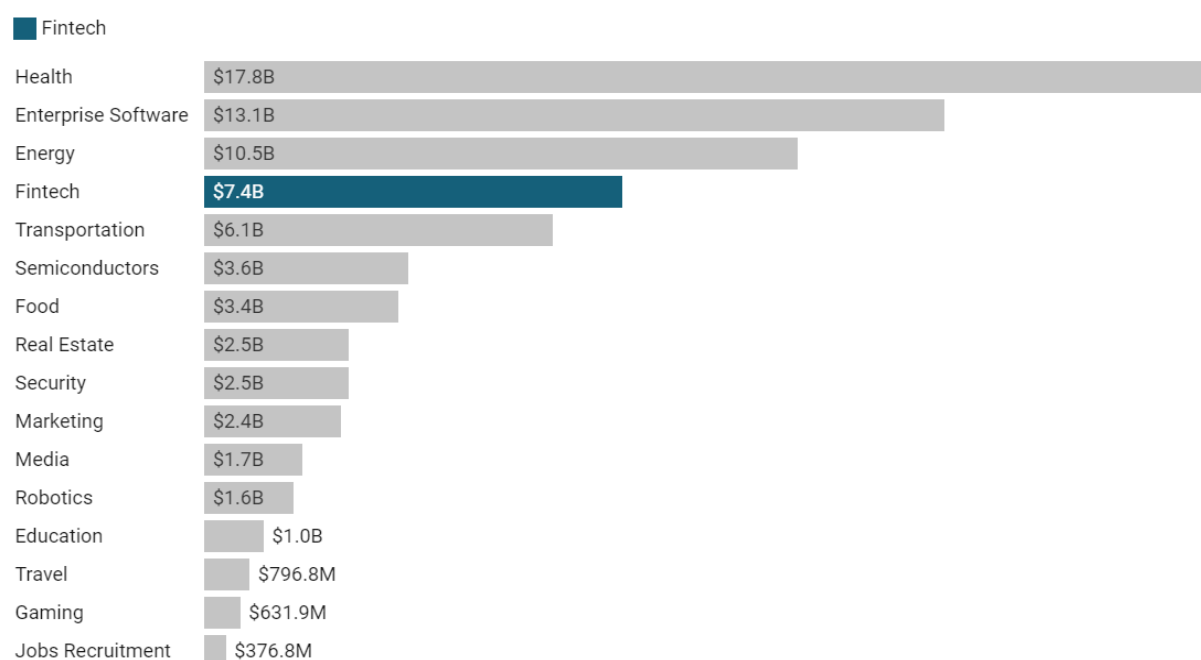
The payment industry continues to dominate the global fund-raising sector, recording an impressive \$10.07 billion in 2023. This figure represents a record compared to other sectors, highlighting the strength and attractiveness of this industry on the global financial scene.

It is remarkable to note that a significant fund-raising in this industry in 2021 compared to other years. This exceptional growth can be largely attributed to the post-rebound effect of COVID-19, which has given a significant boost to the global economic recovery. Payment companies have been able to capitalize on this dynamic, demonstrating their resilience and

ability to adapt to rapid changes in the market. Investors have clearly shown confidence in the industry’s long-term growth potential.

The rapid emergence of the fintech sector has not only profoundly transformed the global financial landscape, changing the way we manage financial services, but it has also left a significant footprint on financing in other strategic sectors. This influence is illustrated in the chart below:

Fig. 2 : Worldwide fintech financing by sector in Q2 2023 (in billions of dollars)

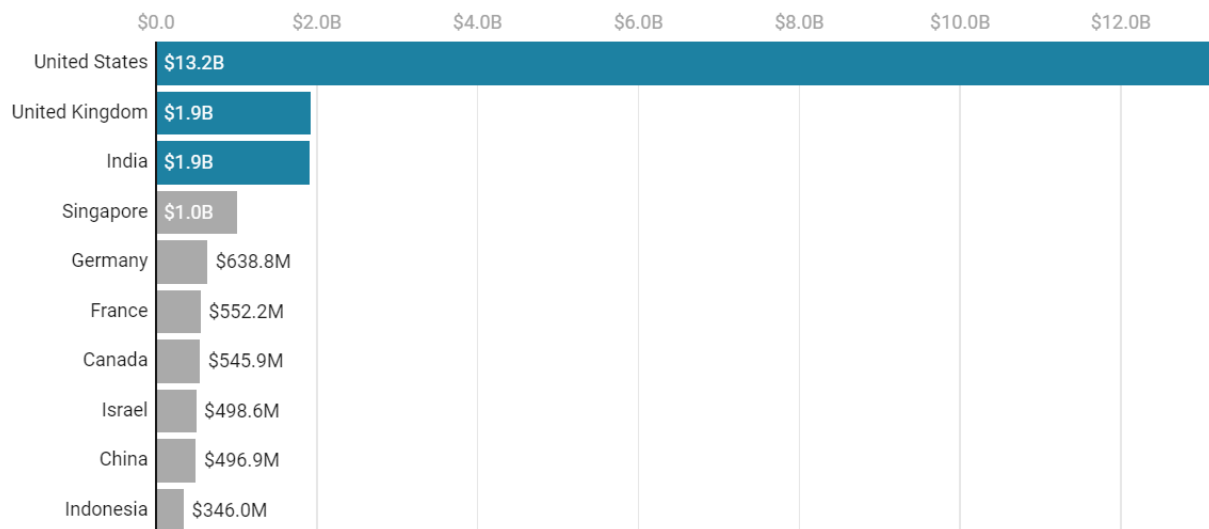


Source: Dealroom.co, “fintech funding 2023”

In the second quarter of 2023, fintech slipped to fourth among the most funded sectors, behind health, business software and energy, with a total funding of \$7.4 billion.

Investment in fintech is now a major concern for many countries. As fintech redefine the standards of the financial industry, governments are trying to figure out how to position their economies to take advantage of these developments. This type of investment is no longer limited to a mere allocation of resources; it is a means for nations to embrace innovation, increase financial efficiency, and promote financial inclusion at the national and international levels. The United States remains the global hub for fintech, playing a leading role in this ecosystem, as demonstrated by the global ranking of countries in terms of investment, illustrated below:

Fig. 3 : Top countries for fintech Investment in 2023 (in billions of dollars)



Source: Dealroom.co, “fintech funding 2023”

The United States remains the main venture capital market for fintech, with the UK surpassing its weight and India following. The fastest-growing countries over the last 12 and 24 months include France, Singapore and Indonesia.

Fintech, symbols of innovation in the financial sector, are attracting massive global investments. However, the geographical distribution of these investments varies considerably, creating centres of excellence and emergence in various regions of the world. From traditional technology hubs to emerging markets, fintech investment destinations reveal the economic, regulatory and technological dynamics that shape this ever-changing sector, as illustrated in the following table detailing investment by destination:

Table 2 : Global fintech investment by destination (in billions of dollars)

Years	Destination		
	America	Europe Middle East & Africa	Asia & Oceania
2022	39	26	17
2021	73	31	23
2020	24	10	9
2019	21	13	11

2018	16	6	31
2017	11	6	14
2016	9	4	14
2015	10	3	9
2014	8	2	2
2013	5	0.798	0.691
2012	3	0.556	0.375

Source: Dealroom.co, "fintech funding 2023".

America's preeminence as the top fintech destination is illustrated by an impressive \$39 billion fundraiser in 2022. In comparison, Europe, the Middle East and Africa (EMEA) follow with \$26 billion in fundraising, while the Asia and Oceania region ranks third with \$17 billion.

This trend underlines America's dominant position in the field of financial technology, highlighting its continued and growing commitment to this sector. Despite the decline in 2018 from Asia and Oceania, where these regions had raised \$31 billion against \$16 billion for America, the U.S. region managed to reverse the trend and consolidate its position at the top in 2022.

One of America's main strengths in this area lies in its robust infrastructure and flexible and advanced regulation. This combination fosters an enabling environment for the emergence and growth of fintech start-ups. Regulatory flexibility enables companies in the sector to grow rapidly and in an innovative way, thus strengthening America's position as a leader in the field of financial technology.

However, it is important to note that, even if Americans its dominant position, competition from Asia and Oceania, which exceeded it in 2018, remains an element to be monitored. The changing dynamics of the global fintech market require continuous vigilance and strategic adaptation to stay at the forefront of this ever-changing sector.

1-2- Overview of fintech fundraising in Africa

According to Dealroom's report on global venture capital investments in fintech between 2018 and 2022, Africa is performing relatively modestly compared to other continents, with an investment rate of only 1.24%. This percentage represents an investment volume of \$4.59

billion. In contrast to the total amount of global investment estimated at \$371.39 billion, the gap between Africa and other more developed regions is significant.

Although the African continent is less technologically advanced than regions such as America, itins some dynamism. America is leading with a massive investment of \$155.91 billion, representing a 42% investment rate. This dominant position underlines America’s continuing preeminence in the global fintech sector.

Based on information gathered by Dealroom over the period 2018 to 2022, within Africa, Nigeria stands out for significant efforts and remains at the forefront with \$1.7 billion in investment. This figure is encouraging, especially when compared to countries in the European Union such as Spain, which has invested \$1.38 billion. These data highlight the progress of some African countries in the field of fintech despite the challenges of technological development.

On the other hand, Morocco is less favorable in this sector, with a relatively small amount of investment, only \$8 million. The investment rate for the period 2018-2022 is estimated at 0.002%, highlighting the specific challenges facing Morocco in the development of its fintech ecosystem.

Although Africa as a whole has a low fintech investment rate, encouraging initiatives come from countries such as Nigeria. However, other nations, such as Morocco, face greater challenges in establishing themselves in this globally competitive and growing sector. Based on the 2023 Boston Consulting Group report, Africa hosts around 1,000 fintech, with 678 identified as actively operating in 25 countries across the continent, as indicated by the findings from the Disrupt Africa report, meticulously classified as follows:

Table 3 : Number of fintech active in Africa in 2023

COUNTRY	NUMBER	COUNTRY'S SHARE IN NUMBER
NIGERIA	217	32.0%
SOUTH AFRICA	140	20.6%
KENYA	102	15.0%
EGYPT	65	9.6%
GHANA	35	5.2%
UGANDA	29	4.3%
ZAMBIA	14	2.1%
SENEGAL	12	1.8%
CAMEROON	11	1.6%
RWANDA	10	1.5%
IVORY COAST	9	1.3%

TUNISIA	6	0.9%
MOROCCO	4	0.6%
OTHER	24	3.5%

Source: report *Disrupt Africa* “Finnovating for Africa” 2023

Nigeria emerges as an undisputed leader in the African fintech sector, with an impressive total of 217 companies active, accounting for 32% of the total number of fintech on the continent. This dominance is followed by South Africa, which has 140 fintech, and Kenya in third place with 102 companies. These three nations alone account for 67.6% of the total number of fintech active on the continent. This predominance can be explained by several factors, including the economic size of these countries, their robust technological infrastructure and their concentration of talent in the field of financial technology.

The geographical location of these African leaders creates an enabling environment for stimulating investment in the fintech sector. Their dynamic economies and growing technological ecosystems offer attractive opportunities for investors, further strengthening their dominant position in the African fintech landscape. On the other hand, other nations on the continent must redouble their efforts to encourage investment in this area, by implementing favorable policies and developing infrastructures that are conducive to financial innovation.

In contrast to these leaders, Morocco ranks 13th in Africa in terms of the number of active fintech companies, with only 4 companies, representing 0.6% of the total. This low percentage is largely due to the persistent preference of users for cash transactions, a trend not only in Morocco but also across the African continent, as indicated in the McKinsey report entitled 'Fintech in Africa: The End of the Beginning'. This report estimates that 90% of all transactions in Africa remain in cash. Moreover, obstacles such as the developing regulatory framework, increased competition from traditional players and persistent challenges to financial inclusion have hampered the development of fintech in the country.

2- The challenges of fintech fundraising in Morocco

In the fierce race of the fintech revolution in Morocco, where innovation is rapidly transforming the financial landscape, start-ups face a major challenge: raising funds. Behind sophisticated algorithms and revolutionary applications are entrepreneurs seeking to overcome the specific obstacles that pave the way to finance. From regulation to the perception of investors, there are many challenges, but it is in their resolution that the

opportunity lies to shape Morocco’s financial future, which has experienced relatively slow development in the field of fintech due to several specific challenges.

The government and various organizations actively collaborate to develop support and financing strategies for young innovative companies, particularly in the fintech sector in Morocco. Among them, nine key organizations stand out by playing a pivotal role in accelerating the fundraising process for fintech.

Table 4 : List of funds and financing organizations for fintech in Morocco.

Funds and Organizations	Year of creation	Region
AZUR INNOVATION FUND	2019	Casablanca
CEED MAROC	2013	Casablanca
AB ACCELERATOR	2018	Casablanca
UM6P VENTURES	2019	Casablanca
KLUSTER CFCIM	2017	Casablanca
MAROC NUMERIC FUND	2010	Casablanca
SEAF	1989	Casablanca
CDG INVEST	2005	Rabat
TAMWILCOM	1949	Rabat

Source: Data collected from the website (2023): www.start-up.ma/organismes-de-financement-de-startup/

Based on the list above, it is important to emphasize that Morocco has a strong infrastructure that is conducive to innovation in financial technology, whether through the establishment of funds dedicated to financing or supporting fintech start-ups. For example:

Table 5 : Example of fundraising by Moroccan fintech as of 2023.

Fintech	Funds	Investment volume (In millions of Moroccan dirhams)
AGENZ	AZUR INNOVATION FUND - MAROC NUMERIC FUND II	17
ONEPAY	MAROC NUMERIC FUND II	4
YALLA XASH	MAROC NUMERIC FUND II	10
AFDAL	SEAF MOROCCO GROWTH FUND	8
MAZMA	SEAF MOROCCO GROWTH FUND	15

Source: Data collected by us based on announcements from Fintech in the press: lematin.ma, media24.com, ledesk.ma, and verified by various funds.

An investment volume of 54 million dirhams allocated in 2023 for the five fintech mentioned above. The investment has been driven mainly by Azur Innovation Fund, Morocco Numeric Fund II, and Seaf Marocco Growth Fund. Morocco continues its efforts to strengthen its start-up support ecosystem, including through incubators, accelerators, and government initiatives, to boost investment supply. A favorable environment encourages investors to take risks and support innovative fintech. Nevertheless, fundraising for fintech in Morocco can face a number of challenges and obstacles.

2-1- Challenges related to frequent use of cash by Moroccans

Despite efforts by the State to accelerate the dynamism of this sector, the main obstacle to its growth, whether for the creation of fintech in the country and their activation, the raising of funds, or the establishment of an application framework for financial solutions, lies mainly in the demand for this technology from the Moroccan population. When we extrapolate the problems in Morocco, we find that they are generally similar on the African continent, with important issues such as financial inclusion, but also the problem of cash circulation. As the Wali of Bank Al-Maghrib (A. Jouahri, 2023) explained: “It is a matter of culture, Morocco is still ranked among the first in cash circulation”, He also emphasizes that “Cash is part of the tradition in our country, because it is easy and risk-free. We need to change cultures, but unfortunately, there is nothing more difficult than that”.

The use of species remains widespread in Morocco and is even the norm. According to the latest monetary statistics of Bank Al-Maghrib, currency circulation reached 371.8 billion dirhams at the end of April 2023, recording an annual increase of 12.2%.

In order to such a significant transformation and to establish complete confidence in the financial system, Abdellatif Jouahri (2023) advocated the large-scale adoption of "mobile banking", a solution for making payments and banking transactions via a smartphone. The wali believes that future direct government aid could be the ideal way to introduce this change, perceiving it as a timely "Trojan horse", explaining, "If tomorrow government direct aid goes through mobile banking, people will think about it. Technically, we're ready, there's no reason that it doesn't work, he suggested. Modernizing payment systems, changing technological paradigms and government decisions could change things and succeed”.

This provides an opportunity for entrepreneurs to innovate and develop ideas in the hope of reducing the use of cash. However, the first pillar to consider is awareness-raising and education, as a limited understanding of fintech services and their benefits can discourage

investors. According to A. Lusardi (2019), the key to sustainable financial health throughout life lies in financial education. It can be inferred that financial education is a crucial element in addressing the problem of cases of use of financial technology, especially if one adds awareness-raising of individuals to the use of these technological means.

Moreover, Morocco is continuing its efforts through the development of the national strategy for the digital transition by 2030. This initiative aims, according to G. Mezzour (2023), to identify the priority needs and adapt them to the challenges of digitization and its requirements. The focus is on projects aimed at accelerating and strengthening digital inclusion and the economy.

2-2- Challenge related to the risks of disintermediation for Moroccan fintech.

Disintermediation, a phenomenon resulting from the rise of financial technology, calls into question the traditional role of financial intermediaries. This development represents a double opportunity and a major challenge. On the one hand, it offers the opportunity to transform financial services (Mieszala, 2015), to make them more accessible and efficient. On the other hand, it creates significant risks related to competition with traditional financial institutions and the need to prove the added value of their services (Mohan, 2016).

If fintech succeeds in offering services that are equivalent to, or even superior to, traditional financial institutions, this can lead to disintermediation, where users deliberately opt for fintech solutions rather than traditional services. This trend could potentially lead to a loss of partnerships, as fintech often relies on collaborations with established financial players. The break-up of these partnerships could result in a loss of access to large networks of clients held by conventional financial institutions. Thus, the need for a partnership between fintech and banks is becoming obvious. Each of these players needs the services of the other: on the one hand, fintech have the technological resources and flexibility to meet the demands of their users, and on the other, financial institutions have extensive distribution networks and a considerable customer base.

However, Morocco is still lagging behind, as explained by the Wali of Bank Al Maghrib (A. Jouahri, 2023): “Banks are not playing the game, seeing in these fintech a tough competition”. For example, A. Jouahri emphasized the importance of benchmarking and the exploration of mechanisms to encourage collaboration between banking institutions and financial technology companies within a developing fintech environment, in order to reduce the lag in this area and

to take advantage of the specific contributions of fintech to stimulate financial inclusion in the country.

For example, fintech HPS, known for its expertise in the development of electronic payment systems. Banks use its “PowerCard” solution to implement modern, secure and international-standard payment services. HPS establishes strategic partnerships with financial institutions, working closely with them to understand their specific needs and provide tailor-made solutions. These partnerships are often aimed at improving operational efficiency, introducing new features or adapting to technological developments, illustrating a dynamic of continuous innovation. The relationship between HPS and banks is part of a constant search for cutting-edge technological solutions that enable banks to remain competitive and respond to the changing needs of their clients, with HPS playing a key role in providing innovative solutions to keep these institutions at the cutting edge of technology.

This collaboration can offer a number of benefits to both parties, thus provoking increased interest among investors. Traditional financial institutions often have considerable financial resources. Through collaboration, fintech can gain access to larger funds to develop their products and services. Moreover, they can also take advantage of the trust that investors have in traditional financial institutions.

2-3- Challenge relating to lack of technical competence in the domain of fintech

In Morocco’s boiling fintech landscape, success comes not only from disruptive ideas or revolutionary code lines, but also from the skills of those who run them. Fundraising, a crucial step in the journey of a fintech, looks like a field where the challenge of lack of competence takes contours as complex as the algorithms they develop. From this perspective, the skills deficit within the management team emerges as a major obstacle that significantly influences investor perception. Combined with increased risks, this challenge can impede the ability of a fintech to attract the funding needed for its expansion and sustainability.

As Yassine Regragui pointed out in 2023, a lack of technical skills could be a blocking factor. “The competence in this area is largely inadequate in the Moroccan market. There are specialized fintech courses in Moroccan schools, but they are not very widespread yet,” he says. The same applies to technical supports. “We rely more on European and American infrastructure, sometimes expensive or difficult to access for some. Local solutions need to be developed in this regard”.

This competence challenge can hinder fintech innovation and the fund-raising process, requiring efforts to build skills and capacities in this area. However, with the National Strategic Plan for the Digital Transition by 2030, Ghita Mezzour (2023) highlighted three key figures in this context: the annual training of 45,000 digital talents, the conversion of 50,000 young people to digital professions, and the welcome of 6,000 new foreign talents per year in the digital sector. These initiatives could encourage investors to seriously consider investing in fintech start-ups.

The lack of technical competence in fintech is a complex reality that requires a holistic approach. As companies seek to attract investments and remain competitive in an ever-changing environment, investing in human capital emerges as an imperative to shape the promising future of fintech.

2-4- Challenge related to the regulatory framework.

The regulatory framework in Morocco addresses several aspects, including consumer protection, prevention of money laundering and terrorist financing, cyber security, risk management, and compliance with international standards. Moroccan authorities are seeking to balance innovation and growth in the fintech sector with the need to preserve financial stability and consumer confidence.

Morocco, while encouraging innovation in the field of financial technology, imposes strict rules aimed at ensuring the stability and security of the financial system. Fintech need to navigate through this complex regulatory framework to obtain the necessary authorizations for their activities. This procedure can sometimes be challenging, as regulators must assess compliance with safety standards, risk management and consumer protection before granting their approval.

The collection of funds often involves a series of regulatory steps, such as obtaining specific authorizations from the competent authorities, in particular the Moroccan central bank “Bank Al Maghrib”. Fintech must demonstrate their ability to operate in a transparent manner and in accordance with international standards for combating money-laundering and terrorist financing.

Current regulation of fintech is limited to crowdfunding and payment institutions. However, Bank Al Maghrib emphasizes that it does not put any particular brakes on the development of fintech, as Abdellatif Jouahri explained at the international conference on digital

transformation (2022): “As regulators, we must accompany these innovations while ensuring that they are developed in a responsible way to protect society and respect citizens’ rights.”

In addition, according to Yacine Faqir (2022), “We have seen that there is a change of attitude on the part of the Central Bank in everything that is the notion of fintech. She created a sandbox to try to encourage these initiatives. It has also set up other projects with the CDG to try to accelerate innovations around fintech. Even for the banking system, it is a good thing to enable them to innovate and offer products that, until now, were not”.

However, fintech companies in Morocco require a regulatory environment more conducive to Open Banking, making it easier for start-ups to access financial data and services from traditional banks. This enables investors to gain an in-depth view of the financial performance, solvency and growth prospects of fintech. According to our analysis, the Open Banking approach allows fintech to offer investors direct access to financial data, thereby enhancing transparency. This increased transparency can strengthen investor confidence by outlining how the funds raised will be used, detailing business models, and presenting long-term perspectives.

Fundraising for fintech in Morocco is closely linked to the ability to navigate through a demanding regulatory framework while demonstrating their added value in the financial market. Start-ups that meet this challenge are often more likely to attract the investment needed to realize their vision and grow their business.

Conclusion

Ultimately, the challenges of fintech fundraising in Morocco reflect a complex landscape where financial innovation confronts specific realities. Lack of financial resources, investor perceptions, technological background, and regulatory framework are emerging as major obstacles. In order to boost the growth of fintech in Morocco, it is imperative that the country addresses these issues in the first place in order to meet these challenges. This could include raising public awareness of the benefits of digital financial services, as well as creating incentives to attract talent and investment in the sector. By adopting these measures, Morocco could consolidate its position in the African fintech landscape and take full advantage of the opportunities offered by the digital transformation of the financial sector.

Furthermore, we highlight the importance of Open Banking. This openness-based approach to financial data redefines the relationship between financial institutions and fintech to foster



collaboration between the two actors. This cooperation can lead to the creation of new economic models, attracting the attention of investors looking for disruptive innovations.

Ultimately, challenges should not be seen as insurmountable obstacles, but rather as catalysts to boost innovation, collaboration, and sustainable growth.

We hope that this study will serve as a basis for future research on the challenges of fundraising for fintech in Morocco. It offers a constructive perspective, on the one hand, to Moroccan start-ups by guiding them towards the development of future strategies that encourage innovation and development. On the other hand, it addresses the Moroccan State by providing guidance for the creation of strategies and models aimed at establishing a regulatory environment conducive to the development of fintech start-ups.

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