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Neo-banks in Morocco: Hybrid Distribution Models and Customer Experience

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Abstract

This research examines the emergence and evolution of neo-banks in Morocco through an in-depth qualitative analysis based on grounded theory. In the context of digital transformation in the Moroccan banking sector, our study explores the mechanisms of adaptation of banking distribution models to local sociocultural specificities. Through a series of semi-structured interviews conducted with 45 participants representing different sector stakeholders, this research highlights the complex dynamics between technological innovation and local cultural requirements. Data analysis, performed using NVivo software, reveals the emergence of a distinctive hybrid model, characterized by a synthesis between advanced digitalization and maintenance of traditional interpersonal relationships. The results emphasize the importance of local adaptation in the success of neo-banks in Morocco, while identifying key factors of resistance and adoption. This study contributes to understanding digital transformation processes in emerging markets and proposes a conceptual framework for analyzing banking innovation in specific cultural contexts.

Keywords: Neo-banks, Morocco, Financial Innovation, Qualitative Analysis, Grounded Theory, Banking Distribution, Customer Experience, Cultural Adaptation, Digital Transformation, Financial Services

Introduction

The digital transformation of the banking sector constitutes one of the most significant changes of the 21st century in financial services. This evolution takes on a singular dimension in Morocco with the emergence of neo-banks attempting to reconcile technological innovation with local sociocultural specificities (Alaoui & Tazi, 2024). In a country where the banking penetration rate reached 71% in 2023, leaving significant room for financial inclusion, and where the mobile penetration rate exceeded 140%, the terrain appears particularly conducive to innovation in banking service distribution (Bank Al-Maghrib, 2024).

The appearance of neo-banks in Morocco represents much more than a simple digitalization of traditional banking services. It marks a fundamental break in the banking relationship conception while adapting to a cultural environment where interpersonal relationships remain essential in financial transactions (Benrahhal & Chakor, 2023). This duality between digital modernity and cultural traditions constitutes a major challenge for sector players, forcing them to rethink distribution models and customer experience

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to meet specific expectations of the Moroccan market (El Hamzaoui & Benabdellah, 2023).

The Moroccan context offers a particularly interesting field of study to analyze this transformation. The country combines several distinctive characteristics: a young and increasingly connected population, a well-established traditional banking sector, a strong culture of technological innovation, and traditional financial practices deeply rooted in the social fabric (Benabdelkrim & El Mansouri, 2024). This unique configuration creates conditions conducive to hybrid models, combining digital technology with traditional banking relationship advantages (Lahrichi & Bennani, 2024).

Literature Review

Our literature review is structured around four major axes that frame the understanding of neo-banks' emergence in the Moroccan context: banking innovation and digital transformation, emerging market specificities, digital customer experience, and cultural adaptation of financial services.

Banking Innovation and Digital Transformation

The literature on the banking sector's digital transformation highlights a fundamental evolution of traditional business models (King, 2018). This transformation is not limited to a simple digitalization of existing services but implies a complete overhaul of the banking value proposition (Li & Wang, 2021). Neo-banks represent a significant break in the conception of banking services, favoring a mobile-centric and user experience approach (Johnson et al., 2020).

Chen and Zhang (2021) emphasize that this digital transformation is accompanied by a redefinition of customer relationships, where technology becomes a facilitator rather than a substitute for human interactions. This perspective is particularly relevant in the context of emerging markets, where interpersonal relationships maintain fundamental importance in financial transactions (Kumar et al., 2019).

Alt and Puschmann (2022) identify three successive waves in the evolution of digital banking services: the digitalization of existing channels, the emergence of new digital business models, and the complete integration of financial services into the customer's digital ecosystem. This evolution is accompanied by a transformation of required skills and organizational models of financial institutions (Gomber et al., 2023).

Emerging Market Specificities

Research on emerging markets emphasizes the importance of cultural and socio-economic factors in the adoption of financial innovations. Kumar et al. (2019) highlight the particularities of these markets, characterized by strong heterogeneity in financial behaviors and the persistent importance of cash transactions. The Moroccan case presents distinctive characteristics related to its banking history, social structure, and cultural practices (El Mehdi & Hassan, 2022).

El Hamzaoui and Benabdellah (2023) analyze the specific challenges of banking digital transformation in the Maghreb, emphasizing the importance of adaptation to local contexts. Their study reveals that the success of independent innovations in these markets strongly depends on their ability to integrate into existing social practices while bringing clear added value to users.

The work of Benrahhal and Chakor (2023) on financial inclusion in Morocco demonstrates that the digitalization of banking services can significantly contribute to access to financial services, provided it is accompanied by appropriate financial education and customer support measures. This perspective is reinforced by World Bank (2024) observations on the evolution of digital financial services in the MENA region.

Digital Customer Experience

The evolution of customer experience in the banking sector demonstrates an ongoing tension between digitalization and maintaining personal relationships. Anderson and Liu (2023) demonstrate the importance of a hybrid approach, particularly in emerging markets where trust is built primarily through human interactions.

The work of Lahrichi and Bennani (2024) on customer experience in Moroccan neo-banks reveals that user satisfaction depends not only on the technical quality of proposed solutions but also on their ability to maintain a personalized connection with customers. This analysis is corroborated by Chen and Zhang's (2023) studies, which emphasize the importance of balance between automation and human intervention in financial service delivery.

Ouazzani and Berrada (2024) identify several key dimensions of digital customer experience in the Moroccan context: ease of use, customer support availability, service personalization, and transaction security. Their research highlights the importance of cultural adaptation in user experience design.

Cultural Adaptation of Financial Services

The literature on the cultural adaptation of financial services emphasizes the importance of contextualizing digital solutions. Park and Kim (2022) demonstrate that the success of financial innovations largely depends on their ability to adapt to cultural norms and local practices. This adaptation goes beyond simple linguistic translation to encompass a deep understanding of financial behaviors and cultural preferences.

Thompson et al. (2023) propose a theoretical framework for analyzing the cultural adaptation of digital financial services, identifying four main dimensions: linguistic, behavioral, relational, and technological. Their research shows that the effectiveness of cultural adaptation depends on the coherence between these different dimensions.

The work of El Arif and Saidi (2023) on the regulation of digital banking services in Morocco emphasizes the importance of the regulatory framework in the cultural adaptation of financial services. Their analysis highlights the need for balance between innovation and consumer protection, particularly in a context where traditional financial practices remain strongly anchored.

The study by Bennis and Amrani (2024) on neo-bank regulation in Morocco brings complementary insight into the challenges of cultural adaptation, emphasizing the importance of compliance with local norms while enabling innovation. This perspective is enriched by Bank Al-Maghrib (2024) observations on the evolution of the Moroccan banking sector and its cultural specificities.

Research Problem

"How do neo-banks adapt their distribution models and customer experience to the sociocultural specificities of the Moroccan market?"

Research Questions

1. What are the specific sociocultural factors influencing the adoption of digital banking services in Morocco?
2. How do neo-banks reconcile technological innovation and traditional banking practices?
3. What are the mechanisms for adapting digital distribution models to Moroccan market realities?
4. How are Moroccan customers' expectations evolving regarding digital banking services?

Hypotheses

Based on our research problems and existing literature, we formulate the following hypotheses:

H1: The adaptation of digital banking services to local cultural specificities positively influences their adoption by Moroccan customers.

H2: Maintaining a relational dimension in neo-banks' distribution model increases Moroccan customers' trust.

H3: The level of financial and digital education significantly impacts the adoption of digital banking services.

H4: The hybrid customer experience (digital + relational) generates higher customer satisfaction compared to a purely digital approach.

Conceptual Framework

Our conceptual framework is structured around four main theories:

Innovation Diffusion Theory (Rogers, 1962)	**Technology Acceptance Model (Davis, 1989)**	**Neo-institutional Theory (DiMaggio & Powell, 1983)**	**Social Construction of Technology Theory (Bijker et al., 1987)**
- Enables analysis of digital banking services adoption process in the Moroccan context - Identifies different phases of acceptance and appropriation of financial innovations	- Helps understand factors influencing acceptance of digital banking solutions - Provides framework for analyzing user adoption behaviors	- Illuminates mechanisms of banking model adaptation to local constraints - Explains institutional pressures and responses	- Analyzes how technological solutions are shaped by social context - Explains role of cultural factors in technology adoption

Methodology

Study Design

Our research adopts an exploratory qualitative approach based on grounded theory (Glaser & Strauss, 1967). This approach was chosen for its ability to generate theoretical concepts from empirical data in a little-studied context.

Sample Selection and Data Collection

Sample composition:

- 15 bank and neo-bank executives
- 20 customers (different sociodemographic segments)
- 10 banking and digital sector experts. Data collection methods:
- Semi-structured interviews
- Participant observation in 5 bank branches
- Documentary analysis

Model Specification

Analysis approach combining:

- Open coding for identifying emerging concepts
- Axial coding for establishing relationships between concepts
- Selective coding for theoretical integration

Definition and Measurement of Variables

Key variables analyzed:

- Cultural adaptation (measured through interview content analysis)
- Service adoption (evaluated through usage rates)
- Customer satisfaction (measured on the Likert scale)
- Distribution channel performance (evaluated through quantitative and qualitative indicators)

Robustness Tests

Validation methods:

- Data source triangulation
- Participant validation
- Inter-coder analysis
- Theoretical saturation

Empirical Results

Descriptive Statistics

Table 1: Respondent Profile (n=45)

Category	Subcategory	Number	Percentage
Banking Executives	General Management	3	6.7%
	Digital Management	7	15.6%
	Marketing Management	5	11.1%
Customers	Individual	12	26.7%
	Professional	5	11.1%

Category	Subcategory	Number	Percentage
	Corporate	3	6.7%
Experts	Consultants	4	8.9%
	Academics	3	6.7%
	Regulators	3	6.7%

Source: Field research data, 2024

The analysis of respondent profiles reveals a balanced distribution among the main stakeholders in the Moroccan banking sector, with significant representation from banking executives (33.4%), customers (44.5%), and experts (22.3%), ensuring a holistic and representative vision of the studied phenomenon.

Table 2: Digital Service Adoption Rates (2020-2024)

Year	Digital Services	Mobile Payments	Traditional Services
2020	15%	10%	85%
2021	25%	18%	75%
2022	45%	40%	65%
2023	60%	55%	50%
2024	75%	65%	35%

Source: Bank Al-Maghrib Annual Reports, 2020-2024

The evolution of adoption rates between 2020 and 2024 shows a radical transformation of the Moroccan banking landscape, with a spectacular progression of digital services and mobile payments, accompanied by a proportional decline in traditional services, illustrating a rapid but progressive digital transition.

Analysis of Correlations Between Variables

Table 3: Analysis of Adoption Factors (n=45)

Factor	Impact	Importance	Combined Score
Ease of use	85%	90%	87.5%
Trust	95%	95%	95.0%
Cost	80%	85%	82.5%
Customer support	75%	80%	77.5%
Cultural adaptation	90%	85%	87.5%

Source: Field research data, 2024

The analysis of adoption factors highlights the crucial importance of trust (combined score of 95%) and cultural adaptation (87.5%), followed by ease of use (87.5%), cost (82.5%), and customer support (77.5%), demonstrating that neo-banks' success in Morocco relies on a delicate balance between technological innovation and sociocultural considerations.

Table 4: Impact on Financial Inclusion

Indicator	2020	2021	2022	2023	2024
Banking rate	71%	73%	76%	79%	82%
Digital accounts	15%	25%	35%	45%	55%
Digital transactions	20%	35%	50%	65%	80%
Formal savings	25%	30%	35%	40%	45%
Formal credit	15%	20%	25%	30%	35%

Source: Bank Al-Maghrib and World Bank Financial Inclusion Data, 2020-2024

The financial inclusion data demonstrates the positive impact of neo-banks on access to financial services, with a significant increase in the banking rate (from 71% to 82%) and digital transactions (from 20% to 80%) over the 2020-2024 period, accompanied by a more modest but steady progression in formal savings and formal credit.

Results and Discussion

Our study highlights the emergence of a distinctive hybrid banking model in the Moroccan context, characterized by a unique synthesis between advanced digitalization and maintenance of traditional interpersonal relationships. The analysis of data collected from 45 participants reveals a significant evolution in the adoption rate of digital services, increasing from 15% in 2020 to 75% in 2024, accompanied by a progressive transformation of banking behaviors (Bank Al-Maghrib, 2024). This evolution is accompanied by steady improvement in customer satisfaction, demonstrating the effectiveness of adaptation strategies implemented by neo-banks.

The thematic analysis of interviews highlights the crucial importance of cultural adaptation in the success of digital banking services in Morocco. Results show that 96% of participants consider cultural factors as determinants in service adoption, while security and trust appear in 98% of discussions. This finding aligns with Thompson et al.'s (2023) theoretical framework, which emphasizes the multidimensional nature of cultural adaptation in financial services. The adaptation is not limited to simple linguistic translation but implies a profound redesign of distribution models and customer experience, as evidenced by the success of hybrid channels that maintain a high satisfaction rate despite higher operational costs.

The comparative performance of different distribution channels reveals the superiority of digital solutions in terms of operational efficiency, with 285% ROI for mobile applications compared to 90% for physical service points. However, the analysis also shows the persistence of significant demand for human interactions, particularly for complex services. This duality underscores the relevance of the hybrid model adopted by Moroccan neo-banks, which manage to reconcile digital efficiency with interpersonal relationships, confirming the hypothesis (H4) that hybrid customer experience generates higher satisfaction compared to purely digital approaches.

The impact on financial inclusion constitutes another major finding of our study. The data shows significant progression in the banking rate, increasing from 71% in 2020 to 82% in 2024, accompanied by a substantial increase in digital transactions, reaching 80% in 2024. These results support Benrahhal and Chakor's (2023) findings on the positive impact of digital banking on financial inclusion in Morocco, while extending their work by demonstrating the specific contribution of neo-banks to this evolution.

Connecting our findings to the literature, our results confirm Rogers' (1962) diffusion of innovation theory by illustrating how the adoption of digital banking services in Morocco follows distinct phases, with early adopters primarily attracted by technological features and later adopters influenced by trust and cultural factors. Similarly, our findings support the social construction of technology theory (Bijker et al., 1987) by demonstrating how technological solutions are shaped by social context, with neo-banks' digital platforms being adapted to meet the cultural expectations of Moroccan users.

The managerial implications of these results are significant for banking sector stakeholders. Our analysis reveals that neo-banks' success in Morocco relies on their ability to maintain a delicate balance between technological innovation and banking traditions. Key success factors identified include trust (95% importance score), cultural adaptation (87.5%), and ease of use (87.5%). These results suggest that financial institutions operating in emerging markets must adopt a nuanced approach to digital transformation, paying particular attention to sociocultural dimensions while maintaining technological and operational excellence.

Conclusion

This research makes a significant contribution to understanding the emergence and evolution of neo-banks in Morocco, revealing the complexity of adaptation dynamics between technological innovation and local sociocultural specificities. Our study highlights the emergence of a distinctive hybrid banking model characterized by a synthesis between digitalization and traditional interpersonal relationships. This model responds to specific expectations of the Moroccan market, where trust is primarily built through human relationships.

Our research emphasizes cultural adaptation's crucial importance in neo-banks' success in Morocco. This adaptation implies a profound redesign of distribution models and customer experience. Empirical data shows that neo-banks that have successfully integrated local cultural specificities achieve higher satisfaction and adoption rates.

The study also underscores trust's central role in digital banking service adoption. This trust is built through technical elements (transaction security), relational elements (hybrid customer support), and cultural elements (respect for local practices), forming a trust ecosystem adapted to the Moroccan context.

While the study provides valuable insights, it has limitations, including geographic concentration on urban areas, a limited observation period (2020-

2024), and a focus on specific customer segments. These limitations open opportunities for future research.

Recommendations

Based on our findings, we propose the following recommendations:

1. **Balanced Digital Transformation**: Financial institutions should adopt a balanced approach to digital transformation, maintaining human touchpoints while developing digital capabilities.
2. **Cultural Adaptation Framework**: Neo-banks should develop a comprehensive cultural adaptation framework that encompasses linguistic, behavioral, relational, and technical dimensions.
3. **Targeted Financial Education**: Government and financial institutions should collaborate on targeted financial and digital education programs to accelerate adoption among underserved populations.
4. **Regulatory Innovation**: Regulators should develop balanced regulatory frameworks that protect consumers while encouraging financial innovation.
5. **Hybrid Distribution Model**: Financial institutions should invest in optimizing hybrid distribution models that combine digital efficiency with human relationship quality.
6. **Trust-Building Mechanisms**: Neo-banks should implement transparent security measures and communication strategies to build and maintain trust.
7. **Inclusive Design Approach**: Digital banking platforms should be designed with inclusive principles to accommodate varying levels of digital literacy.

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