



# Value of Acceptance

## Understanding the Digital Payment Landscape in Morocco





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# Executive Summary

Digital payments are rapidly gaining traction in Morocco, presenting a significant opportunity to empower small and medium-sized enterprises (SMEs) and drive economic growth. This Visa-commissioned study reveals that two-thirds of small merchants surveyed already prefer digital payments, and a similar proportion have seen increased customer footfall and revenue growth after adopting these methods. Looking ahead, a strong majority of digitally enabled SMEs plan to further invest in payment technologies, signaling a growing commitment to digitalization.

This report explores the evolving digital payments landscape in Morocco, examining the benefits, barriers, and opportunities for growth. It proposes a multi-pronged approach, emphasizing targeted interventions to address merchant and consumer concerns, improve infrastructure, and promote the security of digital payments. By leveraging Visa's expertise and innovative solutions, while also fostering collaboration between government and the private sector, Morocco can unlock the full potential of digital payments, driving economic growth and fostering a more inclusive financial ecosystem.





# 1 Understanding The SME Landscape in Morocco



Small and Medium Enterprises (SMEs) are the backbone of Morocco's economy, driving substantial business activity and employment. Within this landscape, a thriving digital payments ecosystem continues to emerge, fueled by a growing preference for digital payments and a recognition of the many benefits, amongst other factors.

This section explores the evolving landscape of SME's digital payment adoption, examining the key trends, perceived benefits, and potential barriers to wider acceptance. Understanding the dynamics of this evolving payments landscape is crucial for developing effective strategies to support and accelerate the transition towards digital transactions.



## 1.1 A Strong Foundation For Growth

Moroccan SMEs are steadily adopting digital payments, presenting significant growth opportunities. While cash remains common, digital payment adoption is gaining momentum, offering promising potential for businesses in a modernizing economy. 60% of surveyed SMEs have used digital payments for over three years, indicating a maturing market ripe for expansion. This established base provides a strong foundation for growth and an opportunity for enhanced solutions.

This growing recognition of the advantages is translating into tangible results: two-thirds of small merchants prefer digital payments, reporting increased customer footfall and revenue growth after implementation.

67% believe these technologies will contribute to future growth, and 69% plan to expand their use of new payment technologies, highlighting their strategic importance.

Growing POS system interest further underscores this trend: 55% of cash-only small businesses intend to acquire them within two years. This presents a key opportunity to streamline onboarding and support businesses transitioning to digital payments. This forward-thinking approach, combined with the willingness of most digitally enabled SMEs to recommend card payments, creates fertile ground for merchant referral programs and faster adoption.



## 1.2 Digital Payments: A Key Enabler

Digital payments are crucial for SME digitalization, offering numerous advantages for Moroccan businesses. These include increased revenue potential through access to a wider, increasingly cashless customer base; improved customer satisfaction due to faster, more convenient payment options; and reduced operational risks by minimizing cash handling and associated risks. Furthermore, digital transaction records provide valuable data that can facilitate access to financing, empowering growth and development<sup>1</sup>.

In addition, decreasing concerns about card payment fraud, reported by 56% of merchants, further strengthens the case for digital payments. This, combined with the enhanced security compared to cash handling - a concern for 71% of SMEs - positions digital payments as a safer, more reliable option.

Understanding merchant motivations and consumer cash preferences is key to accelerating adoption. While cash is perceived as convenient, digital solutions offer similar convenience and enhanced security. Easy onboarding (cited by 89%) demonstrates the potential for seamless transition. SMEs are also seeking value beyond basic payment processing, creating

an opportunity for value-added services like loyalty programs, enhanced security, and B2B solutions, further incentivizing digital payment adoption.

Digital payments also serve as a gateway to broader financial inclusion. For the unbanked, they often represent the first step into the formal financial system, enabling access to essential services like remittances and government assistance. Transaction accounts, facilitated by digital payments, increase the likelihood of utilizing other financial services, such as savings, credit, and insurance, empowering individuals and businesses.

Finally, digital payments are a powerful engine for overall economic growth. Research shows that transitioning from cash to digital payments can generate annual GDP gains of 1% to 2%. Globally, increased payment card usage (debit, credit, and prepaid) added \$245 billion to real GDP between 2015 and 2019; across 70 countries and territories studied, each 1% increase in card usage correlated with an average annual increase of approximately \$67 billion in consumption<sup>2</sup>. In addition, a mere 5% increase in digital payments per year for five consecutive years could reduce the informal economy by 11-13% and boost tax revenue.<sup>3</sup>

<sup>1</sup> Visa & Kearney. Digital enablement of SMBs. Accessed at: Digital enablement of small and medium-sized businesses

<sup>2</sup> Moody's, 2021. Accessed at: <https://usa.visa.com/content/dam/VCOM/regional/na/us/visa-everywhere/documents/the-impact-of-payment-cards-on-economic-growth.pdf>

<sup>3</sup> Visa & Kearney. Digital enablement of SMBs. Accessed at: Digital enablement of small and medium-sized businesses



## 1.3 Addressing Barriers to Adoption

Despite the obvious benefits, several barriers hinder digital payment adoption among Moroccan SMEs.

**Addressing these challenges requires a multi-pronged approach:**



### **Reducing Costs:**

Government incentives, such as subsidies to drive POS acquisition, can make digital payments more accessible and encourage wider adoption, particularly among the 37% of cash-only SMEs planning to acquire POS systems.



### **Perceived Complexity:**

Some cash-only Moroccan SMEs perceive digital payment processes as complex. This perception can be addressed through simplified onboarding processes, user-friendly technology, and readily available support resources.



### **Financial Literacy:**

Providing education and training can empower SMEs to confidently embrace these technologies and stimulate economic growth.



### **Digital Transition:**

With 46% of cash-only SMEs planning to adopt digital payment technologies, targeted government support, including technical assistance, streamlined onboarding processes, and access to financial resources, can facilitate this transition.



### **Security Risks:**

Promoting secure digital options as a way to reduce operational risks associated with cash can help drive adoption of digital payments.



## 2 The Value of Acceptance: Driving Digital Progress



The payment acceptance ecosystem encompasses all forms of commerce, from in-person transactions to unattended kiosks, mobile payments, and e-commerce. Merchants are the cornerstone, and their willingness to accept electronic payments is crucial for growth.

As the merchant landscape evolves, so do their needs, requiring tailored solutions for different business sizes – from sophisticated integrated solutions for enterprises to simplified, affordable options for SMEs. While traditionally, merchants connected to networks like Visa through acquirers, the ecosystem now includes various intermediaries catering to the diverse needs of the modern marketplace.

Payment acceptance typically follows a lifecycle: consumers are introduced to card payments (often via ATMs), acceptance expands across merchant segments (from travel and entertainment to everyday spending), electronic payment volume rises, and card payments become preferred, reducing cash usage. While variations exist, this lifecycle provides a framework for understanding card payment growth.

Increased acceptance maturity drives economic growth. Card-based payments create a virtuous cycle: increased consumption fuels production, leading to job creation, higher incomes, and stronger economic growth. Studies show a direct correlation between card usage and GDP growth.

### This positive economic impact is driven by several factors:

- **Reduced Friction:** Streamlined transactions eliminate the need for exact cash and reduce cash handling risks.
- **Standardized Spending:** Global acceptance standards simplify international transactions and cross-border commerce.
- **Encouraged Innovation:** A standardized ecosystem fosters competition and innovation among payment providers.
- **Enhanced Security:** Secure card payments build trust, essential for driving consumption.

A balanced approach that combines these elements can effectively drive the digitalization of the SME sector and stimulate broader economic growth.<sup>4</sup>

<sup>4</sup> Visa. The New Acceptance Landscape. April 2023. Accessible at: 208295bd-644e-475b-a513-885e31c77ed0.pdf

# 3 Partnering with Visa to Accelerate Digital Payment Acceptance



Many countries are actively seeking to expand their acceptance of card and digital payments. Visa is uniquely positioned to support Morocco's transition to a more digital economy.

**As a trusted advisor and partner, Visa offers a range of capabilities to help governments, financial institutions, businesses, and technology providers enhance their digital payment acceptance maturity.**



## Understanding the Evolving Landscape:

Visa provides insights into the dynamic acceptance landscape, including emerging trends, technological advancements, and best practices from around the world. This knowledge helps stakeholders make informed decisions and develop effective strategies.



## Implementing Proactive Solutions:

Visa's suite of solutions includes programs for specific merchant segments, innovations like Tap to Phone, Contactless Payments and Click to Pay, and resources educating businesses about the benefits of digital payments.



## Assessing Ecosystem Maturity:

Visa can help assess the current state of a country's acceptance ecosystem, identifying strengths, weaknesses, and areas for improvement. This assessment provides a foundation for developing targeted interventions and prioritizing key initiatives.

By partnering with Visa, governments and businesses can leverage a wealth of experience, resources, and innovative solutions to accelerate digital payment adoption, drive economic growth, and foster a more inclusive financial ecosystem.<sup>[1]</sup>

<sup>[1]</sup> Visa. The New Acceptance Landscape. April 2023. Accessible at: 208295bd-644e-475b-a513-885e31c77ed0.pdf





## About the Report



This report, commissioned by Visa and conducted by 4Sight Research & Analytics (October 2024), examines the current payment acceptance landscape in Morocco, focusing on how digital payments can empower SMEs and providing actionable recommendations for government support.

Investing in SME digitalization through digital payment promotion is a strategic imperative for governments seeking to drive economic growth, enhance competitiveness, and foster financial inclusion. Implementing the recommendations outlined in this report will empower SMEs to thrive in the digital age, contributing to a more prosperous and resilient economy.

### Research Methodology

This study employed a face-to-face methodology, interviewing 260 owners/store managers who are key decision-makers in their respective businesses across Morocco.

The sample comprised nano businesses 20%, micro businesses 59% and small businesses 21% across the diverse sectors, with a mix of retailers accepting cash only 42% and digital payments 58%.

### Research Objectives

#### The research aimed to:

- Understand the triggers and barriers to using digital payment methods and cash.
- Understand the impact of accepting digital payments on small businesses.
- Gauge the level of openness to digital payment options among those currently accepting cash-only payments.

