

# Emerging Trends and Opportunities in the Latin American Fintech Market 2018-2020

*Research and analysis by Americas Market Intelligence*



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# AMI is the leading independent Market Intelligence provider in Latin America



AMI is Latin America's leading Market Intelligence and Advisory group.



AMI's founding partners are pioneers in the field of Market Intelligence in Latin America, with over 20 years experience in the region.



AMI has experience in every market in Latin America and the Caribbean.

**scip**

AMI is a member of  
SCIP  
Strategic and Competitive  
Intelligence Professionals.

# Payment industry thought leaders

AMI consultants speak at multiple payments industry events per year



## Recent speaking engagements at payment industry events



Partner collaborations in speaking engagements

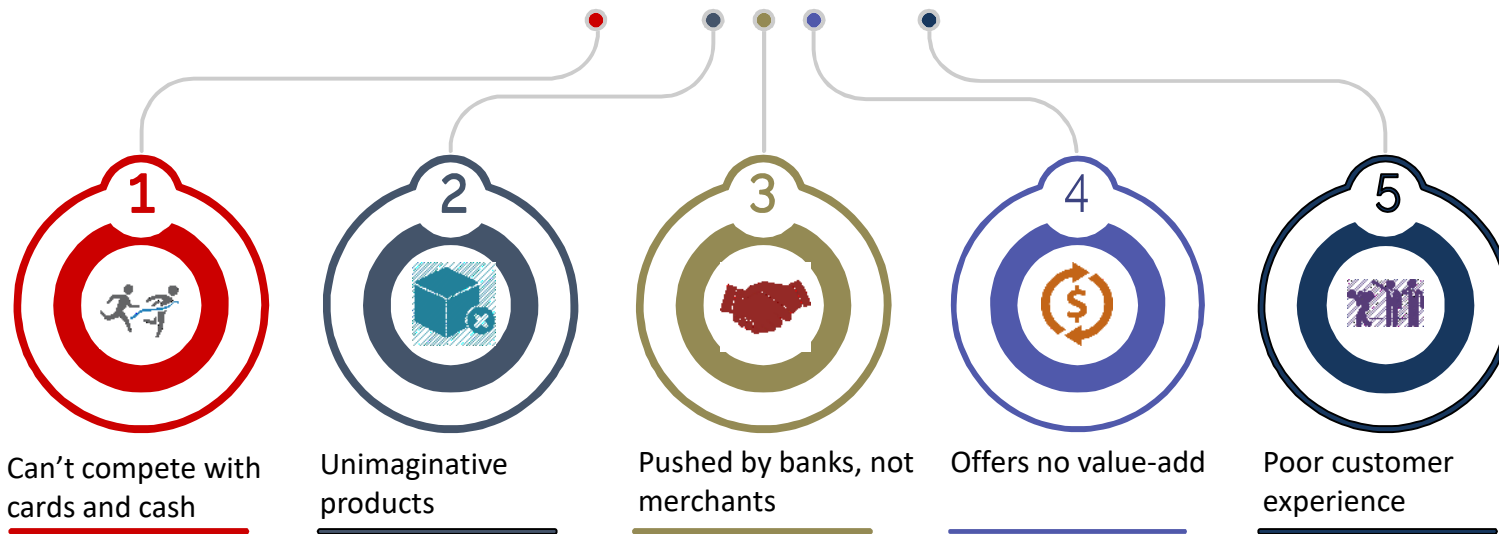


The surprising places we find fintech innovation

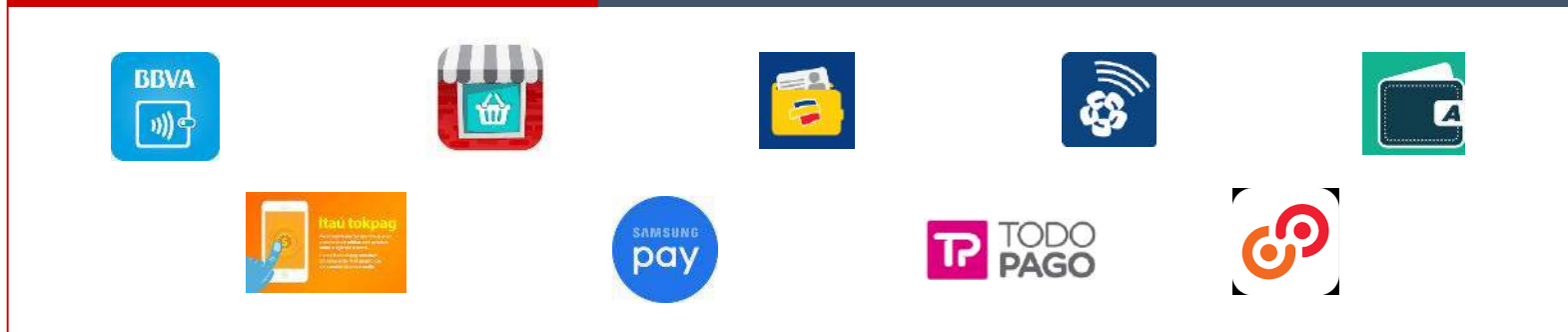


# Low adoption of digital wallets despite investments by banks

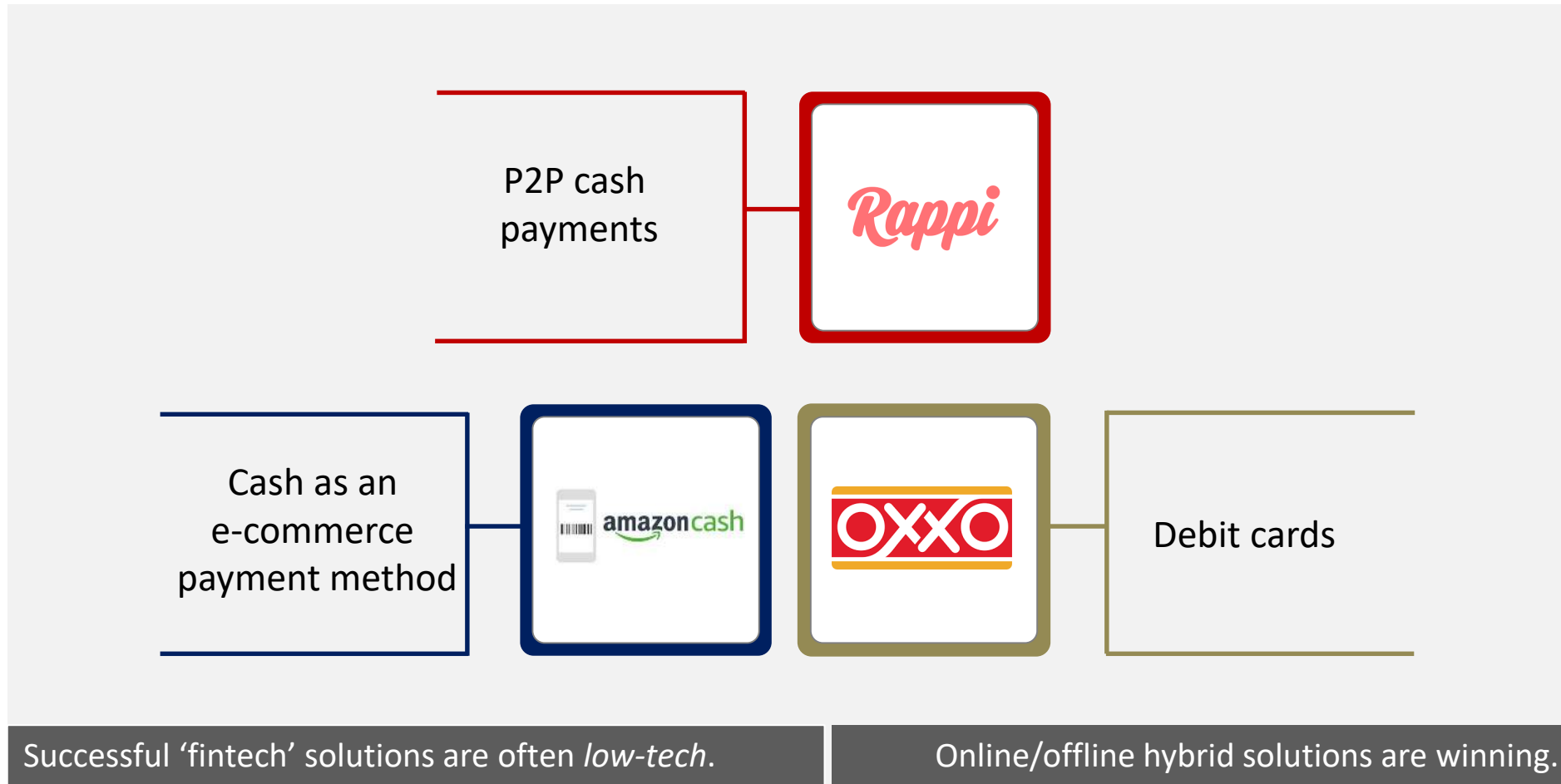
Contactless mobile payments make up <1% of total credit card volume



## Digital wallet products in LatAm



# Merchants as payment disruptors





# Rappi: A homegrown LatAm innovator



## What is Rappi?

Platform for on-demand goods and services	Launched 2015	Operating in Co, Mx, Br, Ar	~4,000 Rappitenderos in Bogota	Total funding: \$200 million
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## Segments It deals with



Restaurants



Groceries



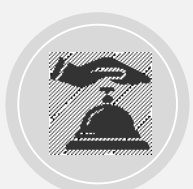
Pharmacy



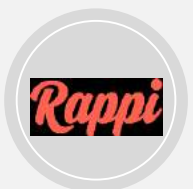
Alcohol



Cash



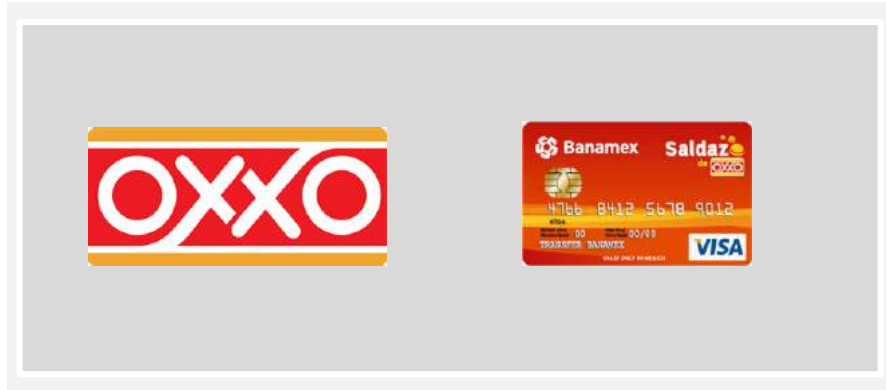
Antojos



Rappi Favor



# OXXO: Retailer innovating across payments



## Tarjeta Saldazo: a low-tech solution that works



Co-branded  
prepaid card



Issued at  
OXXO stores



8 millions+  
cards issued

## Femsa made investment in Mexican start-up Conekta to enable e-commerce



Real time cash  
payments for e-  
commerce

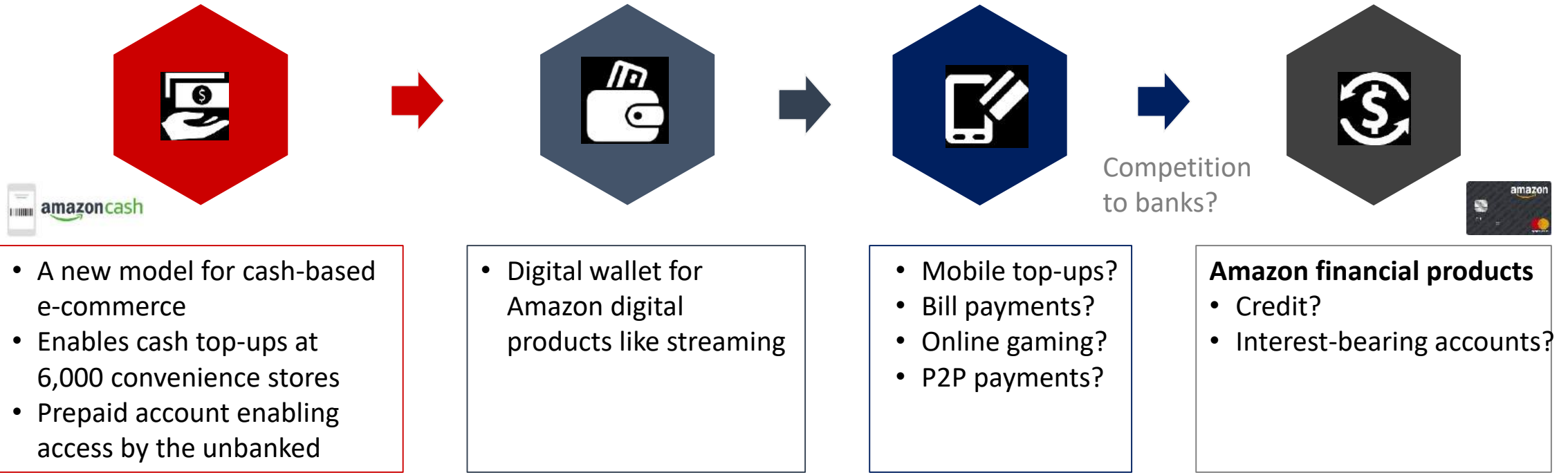


Fraud-free



The next digital  
wallet?

# Amazon Cash: Creating a digital currency ecosystem

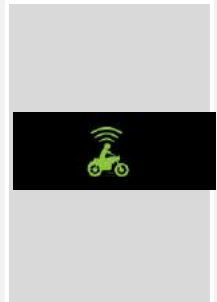


# Who will be the next payments disruptor?

## Taxis becoming payments disruptors in South East Asia

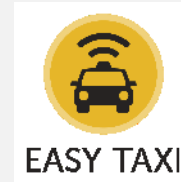


Prepaid wallet  
P2P credits for rides  
Retail payments



Wallets for drivers and passengers  
Payments for food delivery, massages, etc.

## The next LatAm payments disruptors?



Who is leveraging these networks?

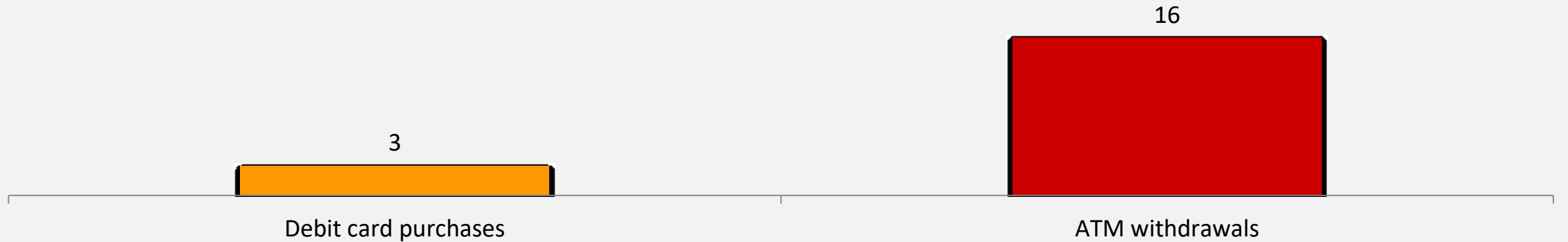


Beating cash is everyone's priority



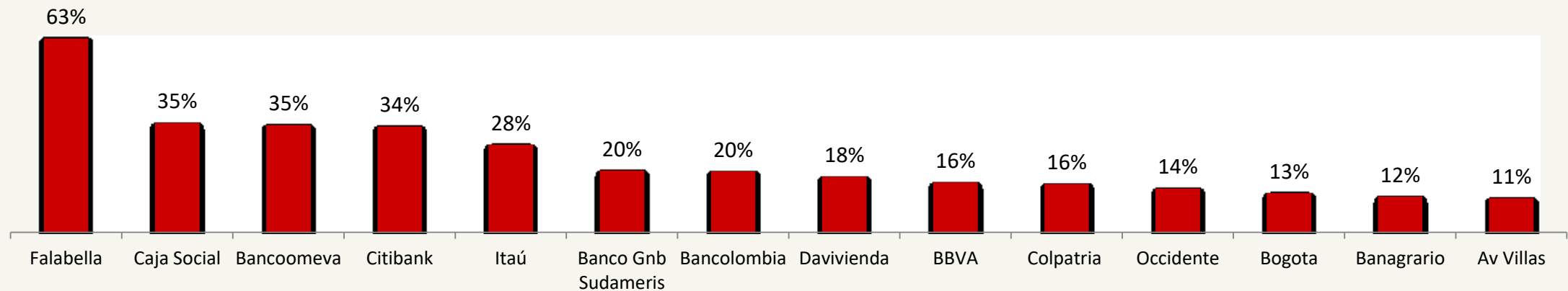
# Despite billions in fintech investment, cash still reigns

**Debit card transactions,**  
trillions of Colombian pesos, August 2017



**Debit POS spend/ATM withdrawals, Colombia, Q3 2017**

%, 15 banks with highest debit card use



# Apps are moving away from retail purchases and toward digital goods

## Payment methods that provide *access* win:

1

Many payment apps and digital wallets set out to conquer cash in retail purchases

2

But, cash and cards, are too competitive. Mobile payments have no competitive advantage

3

Mobile top-ups and bill pay still remain the top payment app use cases (50%+)

4

For bank wallets, the top use case is the issuance of virtual debit cards for e-commerce

- Some wallets are becoming payment methods for digital goods/services
- Online gaming
- Ride share

PicPay

recargapay



Mass credit card issuing to first time cardholders

Cash replacement



# What's next at the POS?

## Contactless card mandates from networks



Competing with these networks is a risky venture

Opportunity still lies in merchants today do not accept cards

Mom-and-pop

Freelancers

Public transportation

# What does China tell us?

## Chinese giants



- Process 50% of China's GDP
- Are displacing banks and card networks
- Easy for merchants to adopt
- Started as P2P platforms
- Closed-loop

But, would they succeed in Latin America?

- Much lower banked rates
- Need for a cash-in network
- Prevalence of WhatsApp
- No digital platform region-wide with same level of influence

What about P2P in LatAm?

- Extremely nascent
- Small volumes compared to mobile top-ups and bill pay
- Fairly effective P2P bank transfers
- Will become increasingly popular with digital natives
- Probably 5 years away from massive P2P volume

# So...how to beat cash?

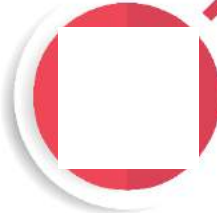
## Access

Provide access to credit, to digital goods, to enhanced convenience



## Product, not the payment

Consider what products consumers want to buy, not how they want to pay



## Low tech solutions

Low-tech fixes are often easier to adopt and scale than high-tech ones



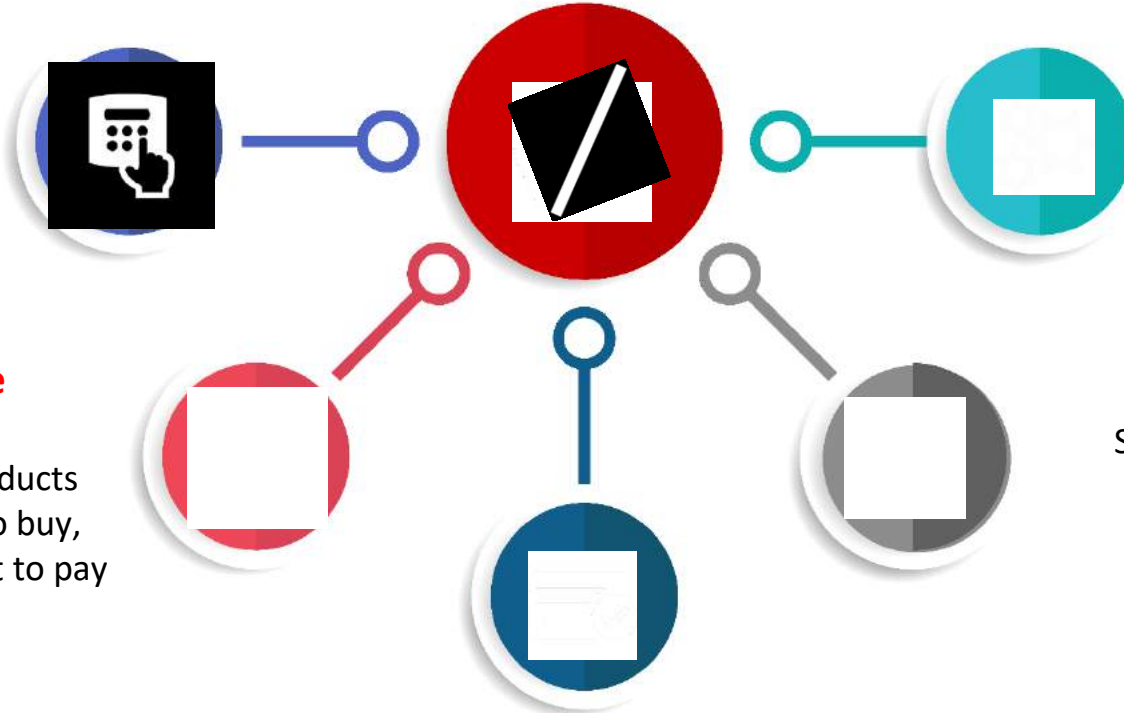
## Card-on-file

Superior customer experience



## Interoperability

Payments that can be made anywhere, by anyone



# About AMI

1 AMI is Latin America's leading independent market intelligence consultancy

Our founding partners helped pioneer the field of market intelligence in Latin America 2

3 Our consultants have advised a third of the region's 100 largest strategic investors over a span of two decades

AMI consultants have conducted over 2,000 client engagements in Latin America since 1993 4

5 Our holistic approach to market intelligence is unique. We combine market research, competitive intelligence, political analysis and economic forecasting in our studies.



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