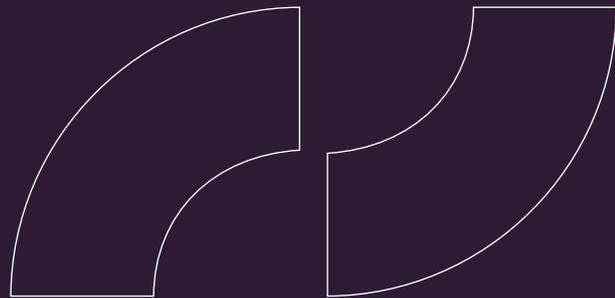




ppro



Latin America

Payments and
e-commerce report 2022



E-commerce and payments in Latin America

Latin America is an increasingly attractive prospect for e-commerce merchants and their partners. The massive growth in financial inclusion since the pandemic, along with widespread connectivity and increasing acceptance of online retail, has created new markets and opportunities.

The total value of the region's e-commerce market will increase from US\$159 billion in 2022 to US\$232 billion in 2026. During the same time, the amount of money the average e-commerce shopper in the region spends online will grow from an annual US\$321 to US\$604.

Though the exact amount varies significantly from one market to the next. In 2022, the average Peruvian online shopper spends US\$355 each year with e-commerce merchants. In next door Chile, the figure is US\$756.

E-commerce is 11% of total retail, that's below the world average of 24%. But with annual e-commerce growth rates from 11% a year in Mexico to 30% a year in Argentina, it's reasonable to assume that this figure will increase rapidly. In Argentina, for instance, overall retail sales were growing by just 2% a year by mid-2022, much slower than the growth rate for online sales.

No one who has been watching the region since the pandemic will be surprised by this rate of growth. Between the start of 2020 and the end of 2021, over 100 million Latin

Americans shopped online for the first time. According to research by Kantar, household spending on fast-moving consumer goods increased by 26% between 2019 and 2021, with much of the increase driven by a growth online shopping for FMCG items, with up to 39% of shoppers, depending on the market, now making at least some of the household purchases online.

The penetration of mobile commerce varies from one country to another, ranging from 36% in Chile to 47% in Brazil. Latin Americans also increasingly use their phones as part of the process of buying even when they're instore. Forty-four percent say they use their phone to research in-store purchases. And many of those who research online subsequently switch and decide to buy online. The number of mobile-first shoppers is growing at a rate of between 20% and more than 50% a year, depending on the market.

The proportion of Latin American shoppers who have bought something from a merchant in another country ranges from 37% in Argentina to 71% in Peru. In Mexico the value of cross-border e-commerce is over US\$12 billion, in Peru just US\$1 billion. Nor is it easy to predict from which markets shoppers prefer to buy. In Argentina, all the way down in the continent's deep south, the number one foreign shopping destination is the USA, in Brazil it's China.

The e-commerce infrastructure in Latin America

Just under 60% of Latin Americans have a bank account, lower than the global average of 71%. And only 20% have a credit card. The implication of this could hardly be clearer. If you want to crack the Latin American e-commerce market, you need to make sure your checkout supports what consumers in North America and Europe would consider "alternative" payment methods, but which are far more common in Latin America than they are in richer parts of the world

In Mexico, for instance, consumers pay for 54% of all e-commerce purchases with something other than a credit or debit card. That's a market worth roughly US\$23 billion — that's a lot of sales to give up on, just because your checkout doesn't support the payment methods that Mexican consumers know and trust.

In Peru and Colombia, consumers pay for 49% of all online purchases with an "alternative" payment method, in Brazil 47%, in Argentina 42% — and so on. But even these figures are an oversimplification, because there are many types of alternative or local payment type and tastes differ significantly from one country to the next. In Argentina, for instance, the most popular alternative payment type is e-wallets, with a 28% share of online payments. In next door Chile, consumers use e-wallets in just 14% of online transactions.

Even when dealing with a supposedly known quantity, such as credit cards, you can't afford to take anything for granted. In prosperous Chile, for instance, 32% of all adults have a credit card, the region's highest card penetration rate. And they use their cards to pay for 55% of all online purchases. But 66% of those cards were issued by local schemes. If you went into the Chilean market supporting online Visa and Mastercard, you wouldn't be offering the right mix of payment methods at all. The only way to get the mix of local payments exactly right for each market, is to have a local expert with detailed knowledge of market conditions and preferences.

Seventy-three percent of Latin Americans have some kind of Internet connection. And 64% have an Internet-enabled smartphone. Little wonder that so many of the region's shoppers choose to buy using their mobile device and to pay using mobile-friendly payment methods.

Headwinds global and local

If you want to know what the economic outlook for Latin America is, look at the commodities market. Around 70% of the region's exports are commodities, such as copper, iron ore, sugar and so on. For a lot of the time since the year 2000, a buoyant global economy and seemingly bottomless Chinese demand has kept the region more or less growing steadily.

Sadly, neither Chinese demand nor a buoyant world economy can be taken for granted any longer. At the time of going to print, commodity prices were falling. The falling price of the Chinese yuan and weaker factory output, thanks to the impact of COVID lockdowns and summer power shortages, were also combining to weaken Chinese demand for raw materials.

Like much of the world, Latin America is also suffering from inflation. In Brazil, price growth hit almost 9% a year by the middle of 2022. In Chile the rate was 8.6%, in Argentina 14%, in Peru 8.4% — and so on. If Latin American markets have to significantly raise interest rates to try to curb inflation, this is likely to have a noticeable impact on consumer demand.

Latin America is an e-commerce market that has great potential. Its people are increasingly well connected. And even when they don't have a traditional bank account, they often have access to e-wallets and other non-traditional ways of saving and spending money. For the merchant able to invest in localisation for Latin American preferences, and able to offer the right promotions and pricing strategies for the post-pandemic market, the region is potentially highly lucrative.



Latin America

Payment type breakdown

Global	Latin America
11%	11%
32%	51%
4%	10%
45%	22%
6%	6%

- Bank transfers
- Card-based payment
- Cash-based payment
- Wallets
- Other

Card scheme breakdown

Global	Latin America
24%	27%
14%	22%
2%	1%
59%	49%
1%	1%

- Visa
- Mastercard
- American Express
- Local schemes
- Other

Argentina

	Argentina	Latin America	World
Population	46.3 m	655.9 m	7,974.9 m
Population 15+	35.1 m	501.1 m	5,967.9 m
GDP (\$US bn)	455.2	5,090	94,045
GDP per capita (\$US)	9,831	7,761	12,804
Banked population (%)	62	58	71
Credit card penetration (%)	26	20	27
Internet penetration (%)	82	73	84
Smartphone penetration (%)	77	64	80
Online population	37.9 m	481.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	13.7	133,5	5,508.7
E-commerce spending per capita (\$US)	299	272	803
E-commerce as % of total retail	6	11	24
E-commerce spending as % of GDP	3.0	3.6	4.0
E-commerce completed on a mobile device (%)	37	44	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

19.4	2022
25.2	
31.0	
36.4	
41.6	



E-commerce spending per capita (\$US)

419	2022
541	
658	
766	
868	



E-commerce spending as % of GDP

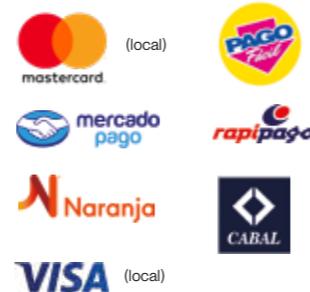
3.0	2022
3.0	
2.9	
2.9	
2.8	



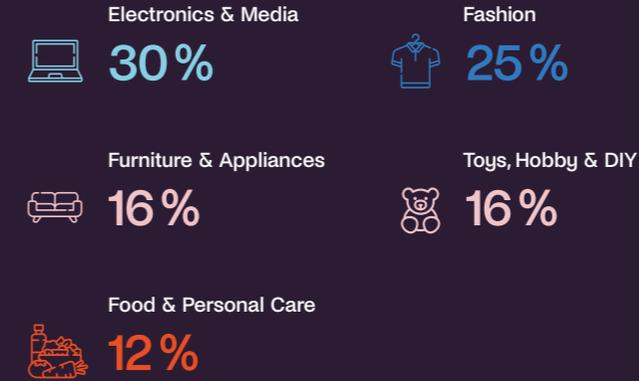
67.6% e-commerce growth (YOY)

- The Argentine market for digital and alternative payments is forecast to grow at a rate of 16% a year between 2022 and 2027.
- Already today 77% of the population has a smartphone. By 2026, it's estimated there will be 45% more mobile-Internet subscriptions than there are Argentines.
- Between 2022 and 2028, the Argentine social-commerce market will grow in value from just over 1 billion \$US to almost 8 billion \$US.
- Since 2020, three million previously unbanked Argentines have opened bank accounts, often using digital-only services.

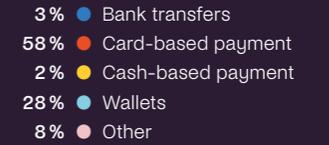
Popular LPMs



Top e-commerce segments



Payment type breakdown



Cross-border e-commerce



Card scheme breakdown



Top cross-border shopping origin markets



* Global brands with cards restricted to domestic use are considered local

Brazil

	Brazil	Latin America	World
Population	213.9 m	655.9 m	7,974.9 m
Population 15+	170.3 m	501.1 m	5,967.9 m
GDP (\$US bn)	1,645.8	5,090	94,045
GDP per capita (\$US)	7,694	7,761	12,804
Banked population (%)	72	58	71
Credit card penetration (%)	29	20	27
Internet penetration (%)	78	73	84
Smartphone penetration (%)	69	64	80
Online population	165.8 m	481.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	45.4	133.5	5,508.7
E-commerce spending per capita (\$US)	213	272	803
E-commerce as % of total retail	11	11	24
E-commerce spending as % of GDP	3.0	3.6	4.0
E-commerce completed on a mobile device (%)	47	44	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

52.1	2022
58.3	
64.9	
71.5	
78.2	

E-commerce spending per capita (\$US)

242	2022
269	
298	
326	
355	

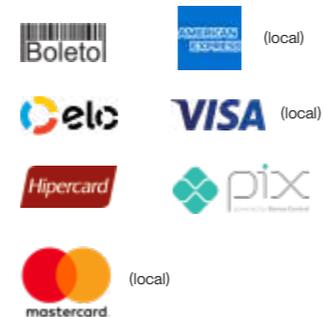
E-commerce spending as % of GDP

3.1	2022
3.3	
3.5	
3.6	
3.7	

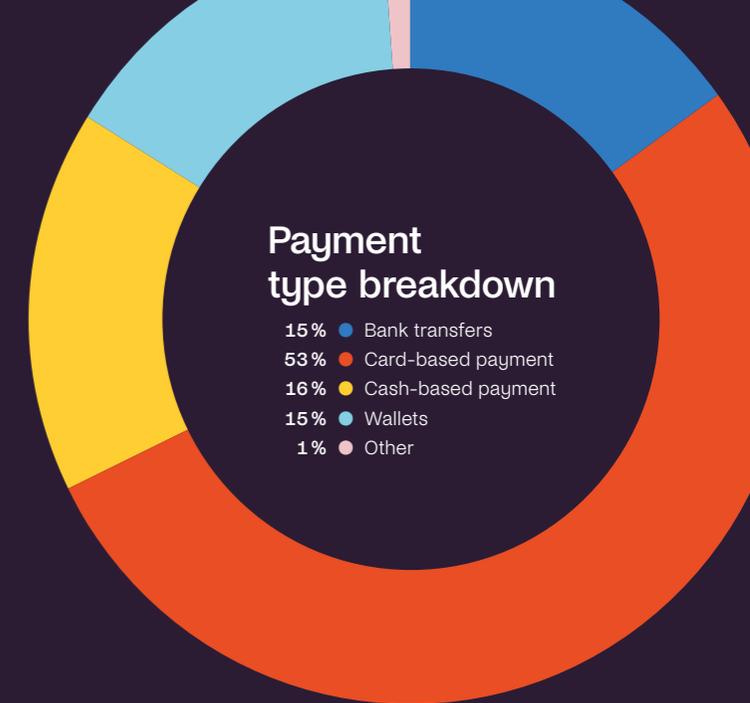
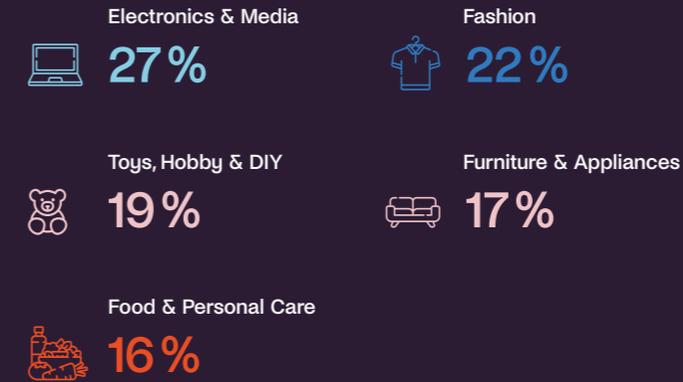
19.6% e-commerce growth (YOY)

- Each year, Brazilians spend 3 bn \$US on e-commerce bought through mobile apps — and billions more on purchases bought using browsers on their mobile phones.
- Brazilians are adopting digital payments faster than any other country in the world but 80% of Brazilians say poor merchant onboarding is an obstacle to using online shopping sites.
- In the last few years, online banking enrolment in Brazil has surged, with 11 million consumers opening digital bank accounts in 2021 alone. Almost a third of Brazilians bank only online.
- Between 2022 and 2028, the value of social commerce in Brazil is forecast to increase from 2 billion \$US to 16 bn \$US.

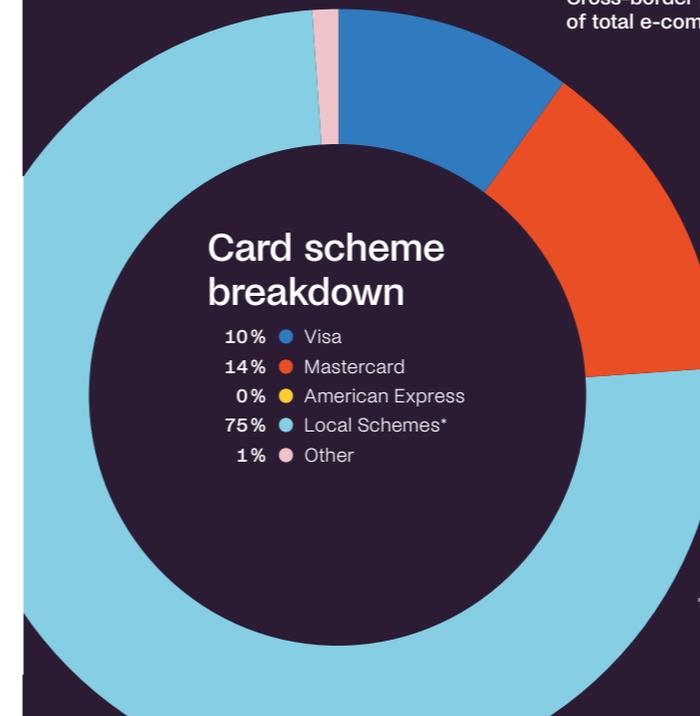
Popular LPMs



Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets



Chile

	Chile	Latin America	World
Population	19.9 m	655.9 m	7,974.9 m
Population 15+	16.1 m	501.1 m	5,967.9 m
GDP (\$US bn)	331.3	5,090	94,045
GDP per capita (\$US)	16,629	7,761	12,804
Banked population (%)	77	58	71
Credit card penetration (%)	32	20	27
Internet penetration (%)	83	73	84
Smartphone penetration (%)	78	64	80
Online population	16.6 m	481.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	12.0	133,5	5,508.7
E-commerce spending per capita (\$US)	608	272	803
E-commerce as % of total retail	11	11	24
E-commerce spending as % of GDP	4.2	3.6	4.0
E-commerce completed on a mobile device (%)	36	44	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

15.0	2022
18.1	
21.0	
23.9	
26.8	

E-commerce spending per capita (\$US)

756	2022
907	
1,048	
1,181	
1,319	

E-commerce spending as % of GDP

5.0	2022
5.7	
6.3	
6.9	
7.3	

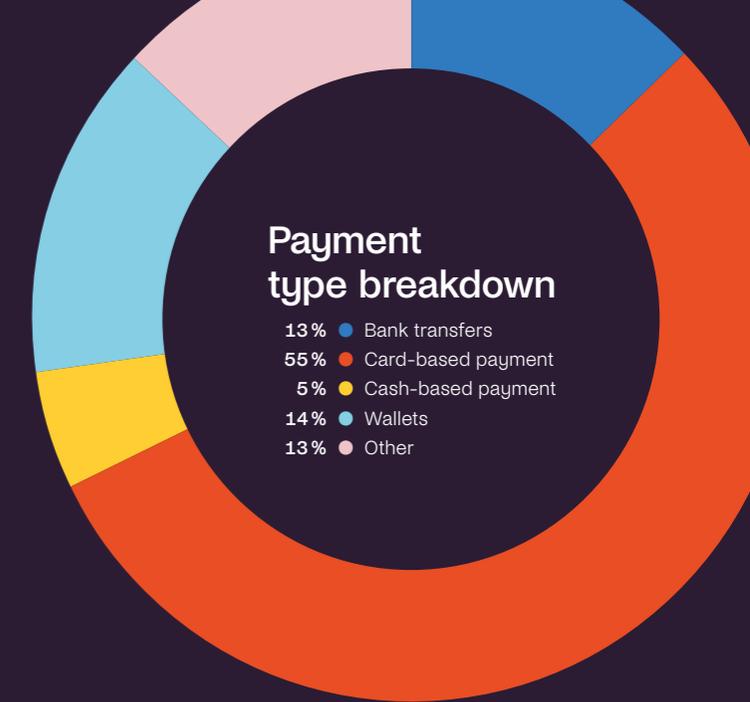
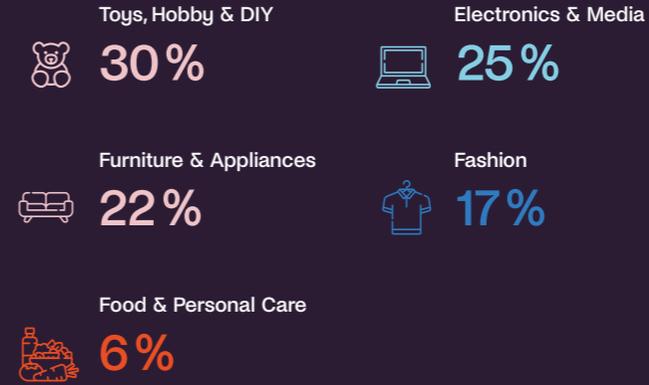
52.1% e-commerce growth (YOY)

- More than 67% of Chile's households have a fixed-line Internet connection and 83% have either a fixed-line connection, a mobile connection or both.
- Between 2022 and 2028, the value of Chilean social commerce is forecast to grow from just over 1 bn \$US to 16 bn \$US.
- 77% of Chileans have a bank account. And according to a recent survey, 24% of Chileans use e-wallets and 41% use bank transfers at least once a month.
- In 2021, two thirds of Chileans tried new ways to pay for their shopping and Chileans use non-traditional payment methods online in almost half of all online transactions.

Popular LPMs



Top e-commerce segments



Cross-border e-commerce



Card scheme breakdown



* Global brands with cards restricted to domestic use are considered local

Colombia

	Colombia	Latin America	World
Population	51.6 m	655.9 m	7,974.9 m
Population 15+	40.4 m	501.1 m	5,967.9 m
GDP (\$US bn)	300.8	5,090	94,045
GDP per capita (\$US)	5,829	7,761	12,804
Banked population (%)	49	58	71
Credit card penetration (%)	15	20	27
Internet penetration (%)	69	73	84
Smartphone penetration (%)	74	64	80
Online population	35.7 m	481.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	9.8	133,5	5,508.7
E-commerce spending per capita (\$US)	191	272	803
E-commerce as % of total retail	7	11	24
E-commerce spending as % of GDP	3.5	3.6	4.0
E-commerce completed on a mobile device (%)	43	44	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

11.9	2022
13.8	
15.5	
17.2	
18.8	



E-commerce spending per capita (\$US)

229	2022
263	
294	
322	
349	



E-commerce spending as % of GDP

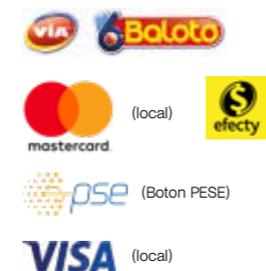
4.0	2022
4.4	
4.6	
4.8	
4.9	



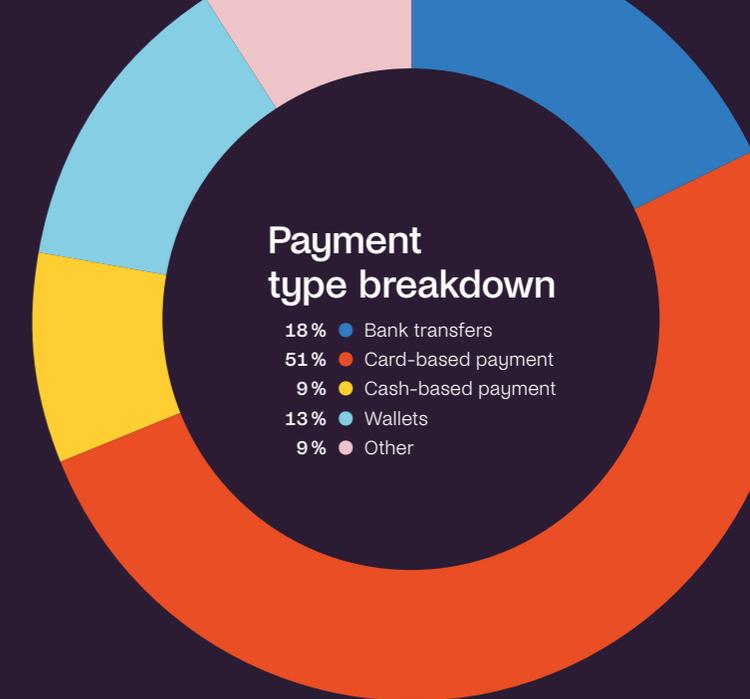
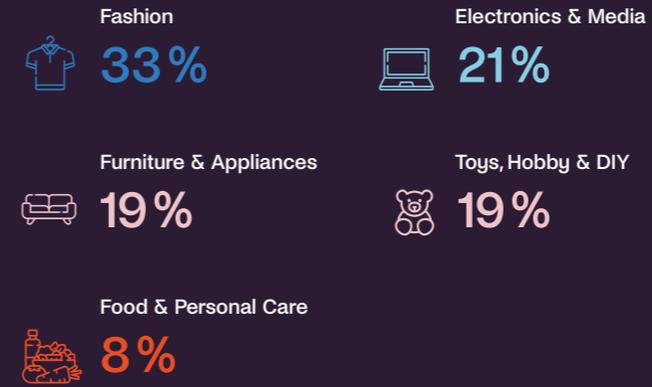
40.5% e-commerce growth (YOY)

- In recent years, thanks largely to the availability of easy-to-use digital banking, the unbanked population of Colombia has shrunk from 30% to 23%.
- Between 2022 and 2028, the Colombian social-commerce market is expected to grow by more 35% to reach a value of over 3 billion \$US.
- Internet penetration in Colombia is almost 70%. The average fixed-line connection speed is 55.21 Mbps. For mobile connections, the average is 13.34 Mbps.
- Between 2019 and 2022, the number of Colombian Internet users with a fast fibre-optic connection to the home grew by 218%.

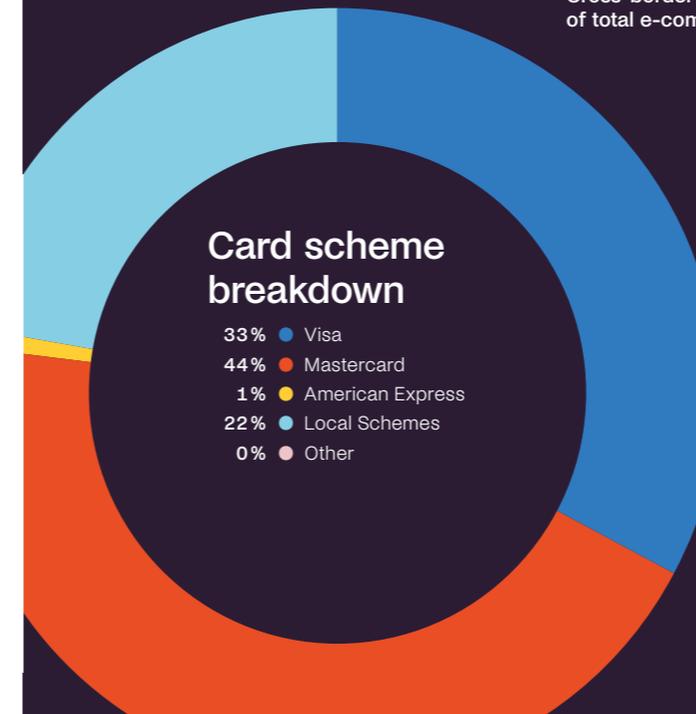
Popular LPMs



Top e-commerce segments



Cross-border e-commerce



* Global brands with cards restricted to domestic use are considered local

Mexico

	Mexico	Latin America	World
Population	130.1 m	655.9 m	7,974.9 m
Population 15+	97.0 m	501.1 m	5,967.9 m
GDP (\$US bn)	1,285.5	5,090	94,045
GDP per capita (\$US)	9,879	7,761	12,804
Banked population (%)	42	58	71
Credit card penetration (%)	12	20	27
Internet penetration (%)	78	73	84
Smartphone penetration (%)	70	64	80
Online population	101.2 m	481.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	43.3	133,5	5,508.7
E-commerce spending per capita (\$US)	338	272	803
E-commerce as % of total retail	13	11	24
E-commerce spending as % of GDP	3.4	3.6	4.0
E-commerce completed on a mobile device (%)	46	44	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

48.3	2022
53.4	
58.6	
64.0	
69.6	



E-commerce spending per capita (\$US)

373	2022
409	
444	
481	
518	



E-commerce spending as % of GDP

3.5	2022
3.7	
3.8	
4.0	
4.1	



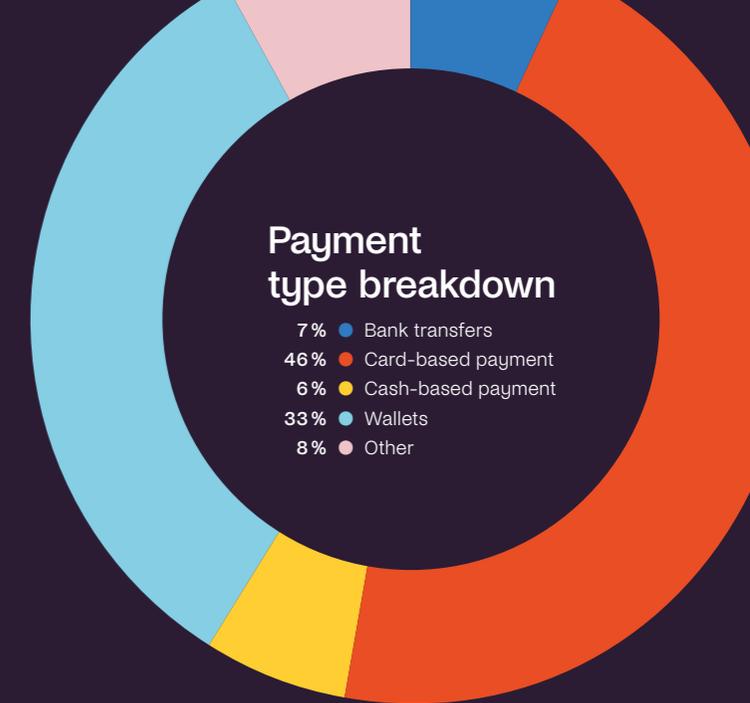
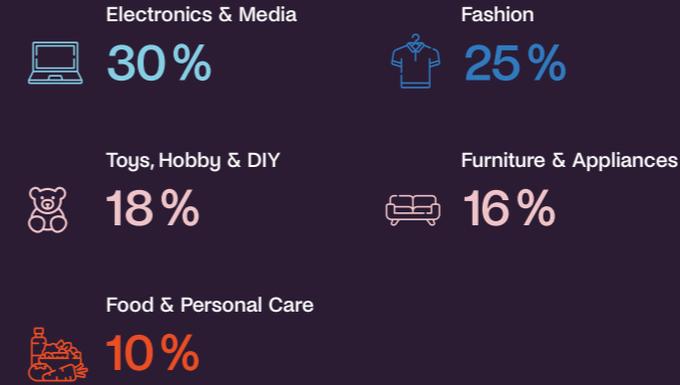
Popular LPMs



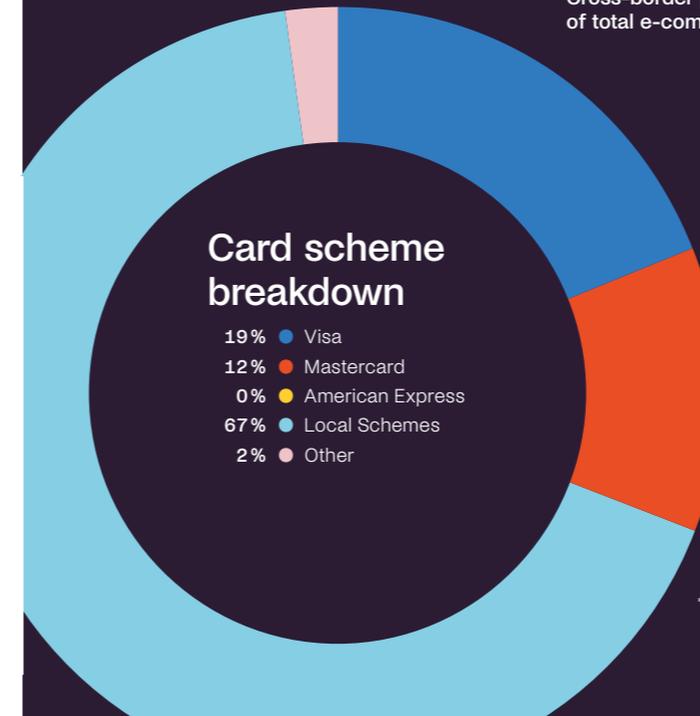
16.9% e-commerce growth (YOY)

- Between 2021 and 2025, the value of digital payments made by Mexican consumers is expected to grow from 54 bn \$US to 90 bn \$US.
- Between 2021 and 2025, m-commerce sales in Mexico are expected to increase in value from 19 bn \$US to 41 bn \$US.
- Over 40% of Mexicans shop online for groceries every week. And 7% say that buy groceries from e-commerce sites every day.

Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets



* Global brands with cards restricted to domestic use are considered local

Peru

	Peru	Latin America	World
Population	34.2 m	655.9 m	7,974.9 m
Population 15+	25.9 m	501.1 m	5,967.9 m
GDP (\$US bn)	225.9	5,090	94,045
GDP per capita (\$US)	6,610	7,761	12,804
Banked population (%)	46	58	71
Credit card penetration (%)	13	20	27
Internet penetration (%)	63	73	84
Smartphone penetration (%)	73	64	80
Online population	21.6 m	481.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	9.3	133,5	5,508.7
E-commerce spending per capita (\$US)	281	272	803
E-commerce as % of total retail	6	11	24
E-commerce spending as % of GDP	4.5	3.6	4.0
E-commerce completed on a mobile device (%)	38	44	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

11.9	2022
14.3	
16.5	
18.7	
20.8	



E-commerce spending per capita (\$US)

355	2022
423	
483	
543	
600	



E-commerce spending as % of GDP

5.3	2022
6.0	
6.6	
7.1	
7.6	



Popular LPMs



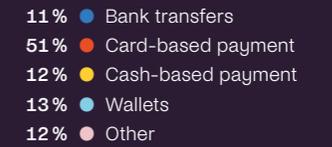
70.9% e-commerce growth (YOY)

- Between 2016 and 2021, the volume of e-commerce purchases Peruvians made from merchants based outside the country grew by 23%.
- In 2021, Peru began the process of implementing the UN International eTrade Readiness Assessment, designed to give businesses and consumers everything they need to get online.
- Between 2021 and 2022, Peruvian retail sales grew at a rate of 11% and Peruvian e-commerce sales at a rate of 31%.
- Between 2021 and 2025, the value of mobile commerce in Peru is predicted to more than double to a value of 13 bn \$US.
- Between 2022 and 2027, the value of digital payments in Peru is predicted to almost double from 10 bn \$US to 19.7 bn \$US.

Top e-commerce segments



Payment type breakdown



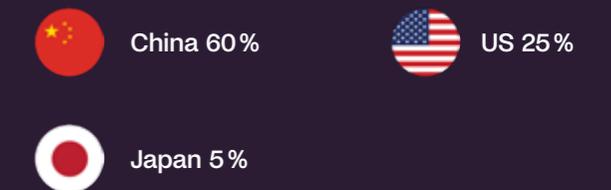
Cross-border e-commerce



Card scheme breakdown



Top cross-border shopping origin markets





Launching payment methods can be costly and complex. Unless you partner with a pro.

We globalise payment platforms for businesses like yours so you can offer more choice at the checkout and boost cross-border sales.

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