

# Local payments in **Latin America**

A quick guide

ppro



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# Introduction

Latin America remains one of the most attractive regions for e-commerce expansion, driven by a young, tech-savvy population, rising internet penetration, and increased mobile phone usage.

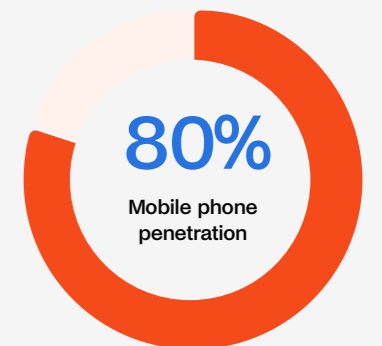
However, each country has its own unique payment preferences, regulatory environment, and tax system, making the market complex and varied. Understanding local payment methods is essential to successfully tap into the market and drive customer conversion in the region.

This report delves into the e-commerce landscape in Latin America, uncovering key insights into payment behaviours across various countries, expert perspectives on preferred local payment methods, and essential tips for businesses looking to expand internationally.

# LATAM facts & figures<sup>1</sup>

Metric	LATAM
Population	664 mn
Population (15+)	75% of total population
GDP	US\$5.7tn
GDP per capita	US\$9,300
E-commerce volume	US\$509bn
E-commerce growth	30%+ annually in top LATAM markets
Online population	80% of population
Mobile phone penetration	80%
Mobile e-commerce share	40%+ of online sales
Average online spend per capita per year	US\$470
Cross-border e-commerce volume	US\$52.5bn

**US\$509bn**  
E-commerce volume



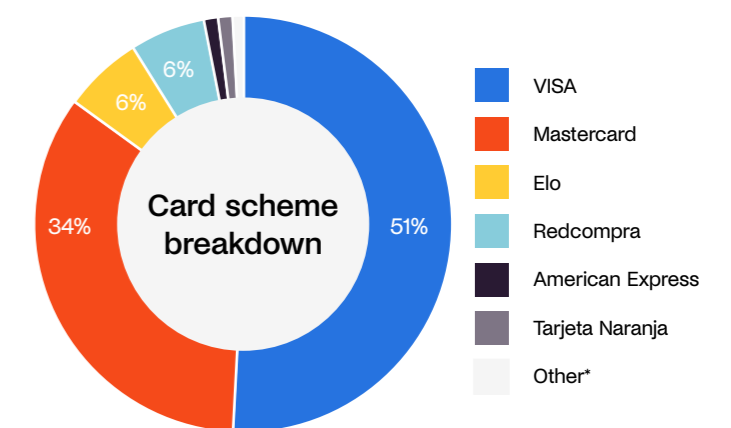
1. Sources: [World Bank](#), [Statista](#), [PCMI](#), [Juniper Research](#), [Statista](#), [The Global Economy](#)

## Payment method breakdown in e-commerce

Payment Method	2023 Market Share	CAGR 2023-26
Credit card	48%	18%
Pix	16%	26%
Debit card	10%	30%
Digital wallet	9%	20%
Cash vouchers	9%	15%
Bank transfers	5%	38%
Buy Now Pay Later	1%	35%
Other*	2%	15%

\*Other includes payment methods such as gift cards, click-and-collect and direct carrier billing

2. Source: [PCMI](#)



\*Other includes payment methods such as Diners Club, Cabal, Magna and Ripley

3. Source: [Global Data](#)

# Why LATAM: Cross-border e-commerce set to double by 2026

Cross-border e-commerce in Latin America has seen significant growth over the past couple of years. In 2023, the cross-border e-commerce volume in the region rose by 30% annually, reaching US\$52.5bn.

Projections indicate that this figure will more than double to US\$114.6bn by 2026, at which point cross-border transactions are expected to represent 13% of the online sales volume in the top six Latin American markets<sup>4</sup>.

This surge is driven by increasing consumer demand for a wider variety of products and competitive pricing available through international merchants. Notably, a significant portion of this growth is attributed to cross-border e-commerce with Asia, which currently accounts for 16% of all e-commerce imports in the region.

This share is anticipated to exceed 25% by 2026, highlighting the expanding trade relationships between Latin America and Asian markets<sup>5</sup>.

In terms of sector verticals, the Latin American market saw retail dominating over half of the market share in 2023, while travel, ride-hailing, delivery apps, streaming services, and gaming further diversified the e-commerce landscape, presenting a variety of growth opportunities for international merchants aiming to enter or expand within this evolving digital economy<sup>6</sup>.

“ Latin America remains one of the most attractive regions for e-commerce expansion...”

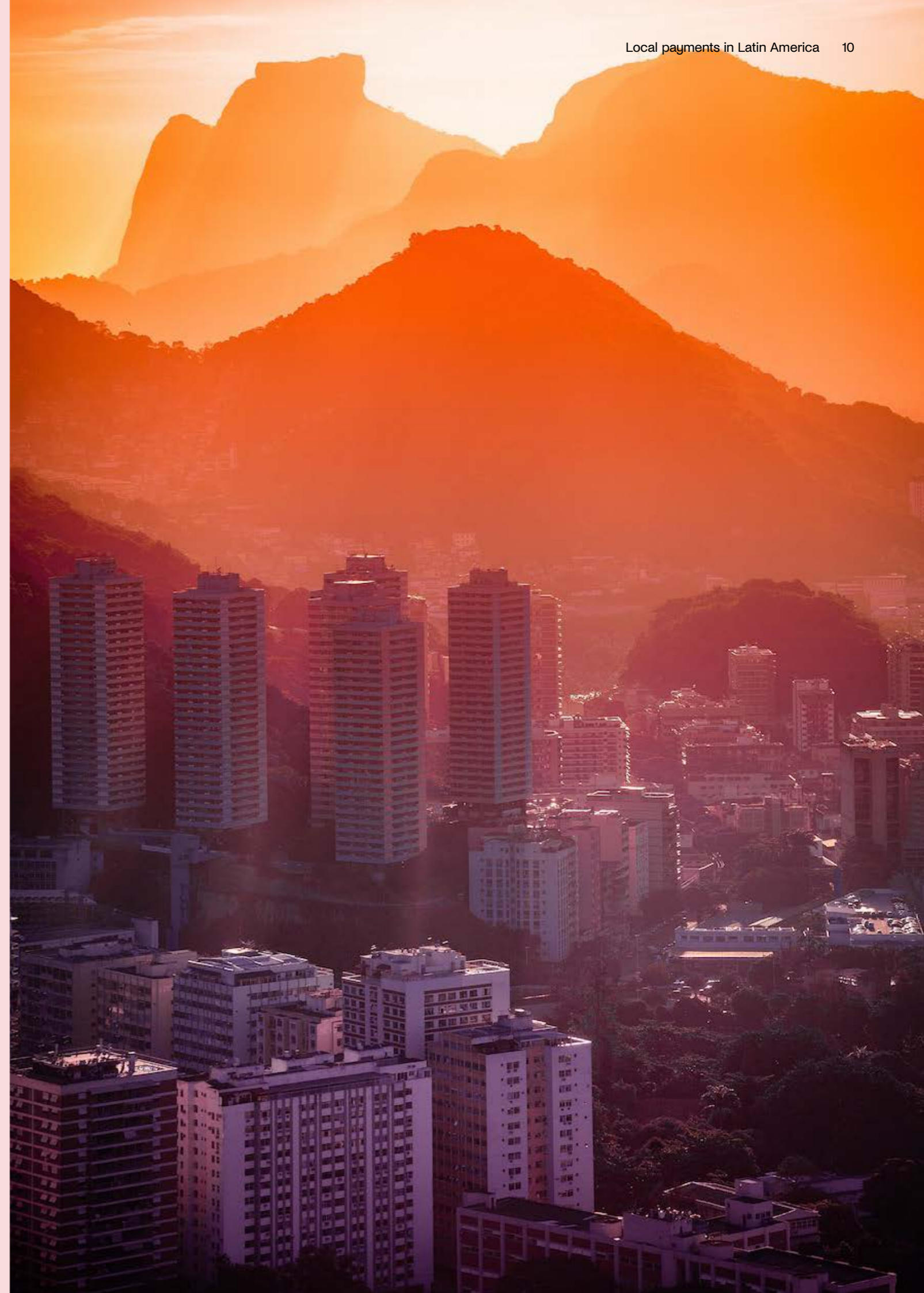


## Digital payments and instant payment systems drive e-commerce growth

Across Latin America, digital wallets and instant payment systems are becoming the dominant methods of payment, gradually replacing cash. Digital wallets are projected to cover over 60% of global e-commerce transactions by 2027<sup>2</sup>, with instant payment systems such as Pix in Brazil further accelerating the move to cashless transactions. The rapid adoption of digital solutions is driven by increasing mobile phone penetration and the desire for faster, more convenient payment options across e-commerce.

In Latin America, the top six e-commerce markets are Brazil, Mexico, Colombia, Argentina, Chile, and Peru. These countries collectively account for a significant portion of the region's online sales. Brazil leads with an e-commerce market worth US\$216bn in 2022, followed by Mexico at US\$56bn. Between 2023 and 2026, these markets are projected to experience substantial growth, with Brazil expected to see a 17% increase and Mexico a 33% rise in their e-commerce markets<sup>7</sup>.

“ Across Latin America, digital wallets and instant payment systems are becoming the dominant methods of payment, gradually replacing cash. ”



# Brazil

## Pix leading the charge

In Brazil, instant bank transfer payment Pix has revolutionised the payment landscape. Since its launch in 2020, Pix has gained widespread popularity, representing 45% of all payments and a third of e-commerce transactions<sup>8</sup>. With over 90% of adults using Pix<sup>9</sup>, it is on track to surpass credit card volume as the country's primary payment method. This rapid digital shift reflects Brazil's drive towards financial inclusion and digital-first payment solutions.

The Central Bank of Brazil continues to innovate within the PIX system, planning to introduce additional features like offline payments and international transfers. These developments are expected to further enhance its functionality and adoption, solidifying PIX's role as a cornerstone of digital transactions in Brazil.

|| Since its launch in 2020, Pix has gained widespread popularity, representing 45% of all payments... ||






8. Source: BCB | 9. Source: PCMI



## Overview of PIX

PIX is an innovative instant payment system developed by the Central Bank of Brazil to modernise the country's financial landscape. Since its introduction, PIX has significantly streamlined the process of money transfers, making them faster, more secure, and accessible anytime.

### Key Features and Benefits

-  **Instant payments:**  
Transactions are completed within seconds, available 24/7, including weekends and holiudays
-  **Ease of use:**  
Users can make payments using simple identifiers like a cellphone number, email, or a randomly generated unique key.
-  **Cost-effectiveness:**  
Most PIX transactions are free for individuals, reducing the cost of transferring money.
-  **Wide acceptance:**  
Widely accepted across Brazil for both personal and business transactions.
-  **Security:**  
Enhanced security measures are in place to protect user data and prevent fraud.

### Overview

Markets:	Brazil
Payment flows:	Instant transfer
Recurring payments:	Yes

### Currency

Processing	BRL
Settlement	BRL
Consumer	BRL

### Transaction info

Minimum amount	BRL 0.01
Maximum amount	No fixed upper limit, but subject to individual bank policies

### Features

Refunds	Yes, within the PIX system guidelines
Partial refunds	Yes
Multiple partial refunds	Yes

### Risks

Payment guarantee	Yes, as payments are instant
Chargeback risk	None, due to the instant nature of transactions





More info at [www.ppro.com/payment-methods](http://www.ppro.com/payment-methods)



## Overview of Boleto Bancário

Boleto Bancário, commonly known as Boleto, is a prevalent payment method in Brazil, serving as a regulated bill that can be issued by banks and financial institutions. It is designed for consumers to make payments via cash or bank transfer, accommodating those without access to bank accounts or credit cards.

### Key Features and Benefits

-  **Flexibility:**  
Boletos can be paid using various methods, including cash, which is widely accessible.
-  **Security:**  
Each Boleto has a unique barcode, enhancing the security and minimizing risks of errors and fraud.
-  **Accessibility:**  
No bank account is needed to issue or pay a Boleto, making it inclusive for all socioeconomic groups.
-  **Convenience:**  
No bank account is needed to issue or pay a Boleto, making it inclusive for all socioeconomic groups.

### Overview

Markets:	Brazil
Payment flows:	Cash based
Recurring payments:	Coming soon

### Currency

Processing	BRL
Settlement	BRL
Consumer	BRL

### Transaction info

Minimum amount	BRL 0.01
Maximum amount	None (bank can reject)

### Features

Refunds	Yes
Partial refunds	No
Multiple partial refunds	No

### Risks

Payment guarantee	No
Chargeback risk	No

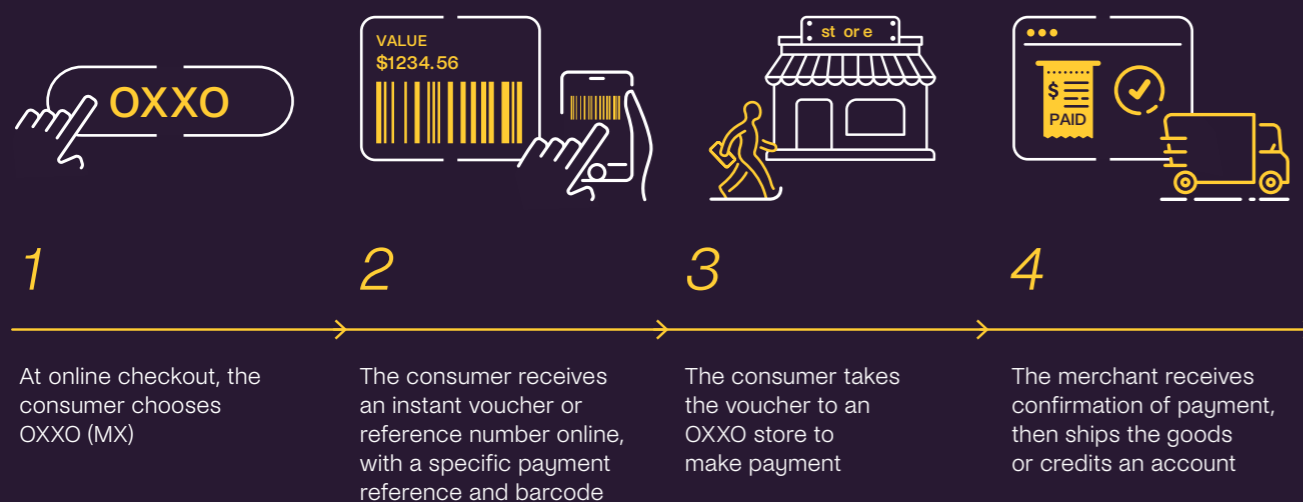


# Mexico

## OXXO and digital wallets

In Mexico, digital wallets are gaining momentum, although OXXO - a cash-based payment method - remains vital for the unbanked population. Internet penetration in Mexico is high, nearing 90%, and the use of digital payments is on the rise. Neobanks and digital wallets like Mercado Pago are rapidly reshaping the country's financial landscape. With the cross-border e-commerce market projected to grow by 40% by 2026, Mexico is on a robust trajectory in digital payments.

## The consumer experience



## Overview of OXXO Pay

OXXO, a Mexican convenience store chain with over 20,000<sup>10</sup> locations nationwide, plays a crucial role in facilitating payments for the nearly 50% of Mexicans who remain unbanked<sup>11</sup>. This extensive network allows consumers to pay for online purchases, utility bills, and other services in cash, bridging the gap between the unbanked population and the digital economy.

In 2016, OXXO introduced OXXO Pay, a service that enables customers to make cash payments for online purchases. This system generates a payment voucher or reference number that customers can pay at any OXXO store, providing a convenient solution for those without access to traditional banking services. Payment confirmation happens instantly in real time.

By offering these services, OXXO not only supports financial inclusion but also contributes to the growth of e-commerce in Mexico, where cash remains a dominant payment method. This approach has been instrumental in integrating a significant portion of the population into the digital marketplace.

### Overview

Markets:	Mexico
Payment flows:	Cash based
Recurring payments:	No

### Currency

Processing	MXN
Settlement	MXN
Consumer	MXN

### Transaction info

Minimum amount	MX 1.00
Maximum amount	MX 10,000

### Features

Refunds	Yes
Partial refunds	Yes
Multiple partial refunds	Yes

### Risks

Payment guarantee	No
Chargeback risk	No

<sup>10</sup>. Source: Femsal | <sup>11</sup>. Source: GFMag



# Argentina

## Installments and digital solutions

In Argentina, installment payments are deeply embedded in the culture, with the country's high inflation driving demand for installment options to make goods more affordable. The Cuota Simple program, launched in 2024, enables consumers to pay for goods in up to six installments at fixed interest rates. This, combined with the rise of digital wallets like Mercado Pago, is driving the adoption of digital payments. Argentina's e-commerce market reached US\$18.2bn in 2023, with projections to reach US\$106.4bn by 2028, further solidifying the importance of digital payment solutions<sup>12</sup>.

**||** Argentina's e-commerce market reached US\$18.2bn in 2023, with projections to reach US\$106.4bn by 2028.



<sup>12</sup>. Source: [Global Data](#) | <sup>13</sup>. Source: [Global Data](#)  
<sup>14</sup>. Source: [Global Data](#) | <sup>15</sup>. Source: [Global Data](#)

## Peru, Colombia, and Chile: Digital transformation and financial inclusion

In Peru, Colombia, and Chile, digital payment adoption is rising steadily, driven by financial inclusion efforts and expanding e-commerce markets. In Peru, while cash transactions remain prevalent at more than 80% of transaction volume in 2024, digital solutions like Yape and Plin are gaining traction. Initiatives like distributing debit cards to social program recipients are promoting financial inclusion. Peru's e-commerce market is projected to grow from US\$14.8bn in 2024 to US\$24.3bn by 2028, fueling the demand for electronic payments. Peru is also setting a regional precedent by mandating interoperability between wallets like Yape and Plin, aiming to create a more open financial ecosystem<sup>13</sup>.

In Colombia, cash remains prevalent, with nearly 86% of transaction volume in 2022, though initiatives such as the Transfiya instant payment system are promoting digital payment use. Closed-loop wallets sponsored by major banks play a significant role here, widely accepted by small and medium merchants through QR codes or

mobile identifiers. However, the lack of interoperability means users must register with multiple wallets. The e-commerce sector, valued at US\$11.9bn in 2022, is encouraging adoption of digital wallets like PayPal and Mercado Pago, which are gaining traction alongside debit card usage supported by digital-only banks and contactless payment initiatives<sup>14</sup>.

Chile leads in electronic payment adoption among the three, with cards accounting for nearly 50% of transaction volume in 2024, primarily driven by debit cards. Government efforts, such as BancoEstado's CuentaRUT account aimed at unbanked populations, support financial inclusion, while credit card usage is rising due to installment options and rewards. Chile's e-commerce market expanded from US\$8bn in 2020 to US\$14.6bn in 2024, with projections to reach US\$19.6bn by 2028, further benefiting digital payment platforms like Mercado Pago and OnePay<sup>15</sup>.



## Importance of local cards

Local cards play a crucial role in Latin America's e-commerce ecosystem, providing a key payment solution for unbanked and underbanked populations. While global networks like Visa and Mastercard dominate overall transactions, local card schemes such as Elo in Brazil and Naranja in Argentina are essential for reaching domestic consumers. These cards, often restricted to local use, enable greater financial inclusion by offering accessible alternatives to international cards. Retailers that do not accept local cards risk losing a significant share of the market, as these payment methods are widely used in many countries across the region.

### The difference between local and international cards

The distinction between local and international cards is vital for understanding LATAM's e-commerce landscape. Most local cards are limited to domestic transactions, which poses challenges for cross-border sales. Merchants not integrated with local payment schemes face higher fees and lower approval rates for foreign transactions. With local cards accounting for a large portion of e-commerce activity, accepting these payment methods is critical for businesses looking to capture the region's growing digital consumer base.

### Popular card schemes in LATAM



## The barriers to doing business in LATAM

It's clear: offering the preferred payment methods is essential to converting customers in LATAM. But the diversity of each country's market makes this easier said than done. Many merchants are not aware of the nuances of the region and barriers to capitalising on this booming market. Each country in Latin America has different cultural, regulatory, and technical factors that influence the success of a merchant expanding into the region.

For example, while connecting to a card acquirer is straightforward in the US or EU, the process in Latin America, particularly Brazil, remains complex and time-consuming for foreign merchants, despite recent improvements. Merchants aiming to reach Latin American consumers must often establish a local presence, which entails setting up entities in each target country and adhering to specific regulatory, tax, and technical requirements. Alternatively, businesses can partner with a Merchant of Record (MoR) to streamline this process.

A Merchant of Record (MoR) serves as the legal entity responsible for processing payments. Partnering with an MoR like PPRO in LATAM simplifies essential operations, including local payment collection, tax filings, FX, funds flow, and navigating regulatory complexity. This approach is especially

beneficial for businesses expanding across multiple markets in the region, where regulatory environments and payment preferences differ significantly.

### Key complexities in reaching the Latin American market include:

- ⚠ *Setting up a local entity*
- ⚠ *Ensuring compliance with each country's regulatory and tax requirements*
- ⚠ *Building teams with local market knowledge and payment expertise*
- ⚠ *Integrating with local payment methods and managing technical documentation*
- ⚠ *Enhancing authorisation rates by processing transactions in local currencies directly with local acquirers*

Each country in Latin America has different cultural, regulatory, and technical factors that influence the success of a merchant expanding into the region.



## E-commerce fraud - a growing threat

While Latin America's digital payments landscape offers vast opportunities, e-commerce fraud remains a significant concern. The region experiences a 20% revenue loss due to fraud, with nearly 4% of all e-commerce orders deemed fraudulent. As fraudsters leverage sophisticated technologies, merchants face the challenge of balancing robust security measures with seamless user experiences to prevent cart abandonment and revenue loss.

To counteract fraud, solutions like 3D Secure (3DS) with two-factor authentication (2FA) have been essential, providing an added layer of security during transactions. In Peru, 2FA has recently become mandatory, reflecting a region-wide shift towards enhanced security. Digital cards with dynamic CVV codes, which regularly update, are also helping reduce the risk of card-not-present fraud, providing users with a secure yet user-friendly payment experience.

**//** The region experiences a 20% revenue loss due to fraud, with nearly 4% of all e-commerce orders deemed fraudulent. **//**

Additionally, merchants must actively monitor and respond to fraud attempts, utilising advanced fraud detection tools and alerts to identify and address suspicious activities in real time. Proactive fraud monitoring can prevent losses, but it requires technology that doesn't disrupt the customer experience.





Chargebacks and dispute management are also key, yet challenging, components of managing cross-border payments. Inconsistent regulatory frameworks across LATAM make managing chargebacks particularly complex, with disputes often leading to revenue losses if not handled swiftly. Effective dispute management systems and clear communication with acquirers help minimise the impact of chargebacks, protecting merchants' revenue and ensuring customer trust. By streamlining fraud prevention and dispute resolution, merchants in Latin America can boost conversion rates and maintain a secure yet convenient payment environment.

## How PPRO simplifies local payment integration in LATAM

PPRO simplifies local payment integration in Latin America by offering businesses access to a full range of preferred local payment methods through a single platform. This one-stop approach enables seamless integration of options like local cards (e.g., Hipercard, Elo, Carnet), bank transfers, instant payments like Brazil's Pix, and cash-based methods such as Boletão Bancário and OXXO Pay.

As your Merchant of Record (MoR), PPRO handles essential tasks like local payment collection, tax filings, FX and funds flow, allowing businesses to navigate Latin America's diverse regulatory environments and payment preferences with ease. This streamlined integration not only improves authorisation rates but also provides a fully localised payment experience, making market entry and expansion across the region simpler and more efficient.

### Why PPRO

-  **Simplify market entry**  
Expand into multiple LATAM countries without the hassle of setting up local entities.
-  **Focus on growth**  
Free up internal resources to concentrate on scaling your business while we manage the payment infrastructure.
-  **Increase revenue**  
Offer a variety of local payment methods driving higher conversion. From local cards, to instant bank transfer payments, and cash-based options - we've got you covered.
-  **Everything you need in one place**  
Access all the local payment methods your customers care about in one place.



We're on a mission to help PSPs and merchants grow their business by letting their customers pay local.

We activate, accept and manage the payment methods your customers care about and make it our business to simplify access to local payment methods.

With our local payments platform we let your customers pay the local way.

The PPRO way.

## Get in touch

Get in touch to learn more about our Merchant of Record services for LATAM.



[www.ppro.com/regions/latam](http://www.ppro.com/regions/latam)



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