



E-COMMERCE AND PAYMENT LANDSCAPE IN LATIN AMERICA

Insights for the retail, travel, betting,
gaming, streaming, online education,
and cryptocurrency industries




TABLE OF CONTENTS


Definitions.....	3
Introduction.....	7
Methodology.....	10
WHY LATIN AMERICA?.....	11
A robust market: favorable demographics and economic prospects	11
State of digitization and access to the financial system.....	13
E-COMMERCE IN LATIN AMERICA	18
How big is Latin America’s e-commerce market?	19
How are Latin Americans purchasing online?	20
How are Latin Americans paying for online purchases?	22
What is the cross-border e-commerce opportunity?	25
E-COMMERCE IN LATIN AMERICA BY VERTICAL	27
Market shares and growth prospects by vertical.....	28
How are Latin Americans purchasing by vertical?	29
How are Latin Americans paying by vertical?	30
What is the cross-border opportunity by vertical?	32
Retail.....	34
Travel.....	38
iGaming (Betting).....	41
Payment Landscape in Betting.....	45
Gaming.....	47
Streaming.....	50
Online education.....	55
A special call out to the Cryptocurrency market.....	58
FINAL THOUGHTS.....	74
VERTICAL SNAPSHOTS.....	78
Retail.....	79
Travel.....	80
iGaming (Betting).....	81
Gaming.....	82
Streaming.....	83
Online Education.....	84
Cryptocurrency.....	85
MESSAGE FROM PAGSEGURO	87


DEFINITIONS


In this report, our e-commerce analysis covers all online purchases of goods and services, and encompasses all product categories and payment methods, plus both local and cross-border purchases. Relevant definitions include:

Industry verticals


 **Retail:** all physical products purchased directly from the merchant or marketplace.

 **Travel:** services including airline tickets, car rentals, tour packages, hotels, and home rentals.


 **Ride hailing and delivery apps:** digital services such as ride-hailing and food delivery apps.

 **Gaming:** spending on online games or in-game purchases, which can be played via mobile, desktop, or on a dedicated console.

 **iGaming (Betting):** the practice of placing online wagers or bets on various outcomes or events. It encompasses online casinos, sports betting, lotteries, and online gambling (poker and other games).

 **Streaming:** access to media players that transmit video and/or audio content, typically purchased as a subscription.

 **Online education:** a mode of learning and instruction that takes place over the internet; volumes include applicable registrations and course fees.

 **Others** digital goods and services including digital downloads, mobile top-ups, SaaS, and recurring purchases such as monthly bills, insurance payments, home ownership association fees, and taxes and government licenses and fees if they are paid online over an e-commerce gateway. Recurring payments to a credit or debit card are included, as are one-time payments over an online ACH portal such as PSE in Colombia; however, expenses paid via online banking or direct debit from a checking or savings account are not included.

Payment methods



Internationally-enabled credit card: a credit card from an international network, such as Visa, Mastercard, or American Express, that is enabled by the issuing bank to make cross-border purchases.



Domestic-only credit card: a credit card that may be used only for domestic purchases, as determined by the issuing bank. These include cards from local card networks, such as Elo and Hipercard in Brazil, Naranja X in Argentina, and Carnet in Mexico, as well as Visa and Mastercard cards that are restricted to domestic use only.



Debit card: a debit card from an international or local card network. Prepaid cards issued by digital wallets and fintech companies that draw off of a digital account are included in this category.



Cash-based vouchers: a payment method that enables a shopper to make an online order, receive a bar code or unique PIN and use that bar code or PIN to make the payment in cash at an affiliated retail location. Such platforms often allow payment using an online bank transfer. Examples include OXXO in Mexico, PagoEfectivo in Peru, and *boleto bancário* in Brazil. Please note that SafetyPay is included in bank transfers.



Digital wallet: a payment method that stores any funding source on file, including a credit card, debit card, bank account, or stored balance, and uses that funding source to remit payments. E-commerce volume falls into the digital wallet category if the wallet brand is selected at checkout, even if a different funding source, such as a credit card, is ultimately selected to fund the purchase. Examples include card-on-file wallets such as PayPal and Apple Pay, as well as stored balance wallets like Tigo Money and Mercado Pago.



Bank transfer: a payment originating from a customer's bank account, facilitated by an online service provider. Colombia's PSE, Peru's Yape, Chile's TEF, Mexico's SPEI, and Argentina's Transferencias 3.0 are all included in this category. Due to its large volume, Brazil's Pix is in its own category, but by this definition it is considered a bank transfer.



BNPL (Buy Now, Pay Later) is a payment option offered by a BNPL fintech that enables the shopper to finance the purchase at the time of checkout, with multiple payment methods, including credit cards, debit cards, bank transfers or cash. Providers include Addi, Kueski Pay, Zip, and VirtusPay.



Other payment methods included in this report include one-time-use gift cards, direct carrier billing, meal voucher cards, and cash on delivery, among others.

WHAT ELSE IS INCLUDED IN OUR E-COMMERCE NUMBERS?

- **B2B e-commerce:** all e-commerce between businesses over an e-commerce payment platform using any of the previously mentioned payment methods is included in this analysis. B2B invoices paid via bank or wire transfer or in cash are not captured here.

WHAT IS NOT INCLUDED IN OUR E-COMMERCE NUMBERS?

E-commerce purchases facilitated by marketplaces or social media in which the final payment does not take place over digital channels.

- E-commerce purchases from international visitors to Latin American countries, or purchases made with credit or debit cards issued from a non-local bank.
- Payments made in cash for ride-hailing and delivery app services.

CROSS-BORDER AND DOMESTIC TRANSACTIONS (EXCEPT FOR CRYPTOCURRENCY):

- **Cross-border transaction:** a purchase made by a customer at a merchant located outside of their country—e.g., a Brazilian customer purchasing from a merchant located outside of Brazil.
- **Domestic transactions:** a purchase made by a customer located in one market at a merchant located at the same market—e.g., a Mexican customer purchasing from a Mexican merchant—or purchases made at global merchants with local presence in such markets.

CRYPTOCURRENCY DEFINITIONS:

- **Cryptocurrency** volumes refer only to the purchase of cryptocurrencies, or the portion related to the conversion of fiat currencies to cryptocurrencies.
- **Cross-border transactions** refer only to truly offshore operations, that is, the purchase of cryptocurrencies from an international exchange that processes payments offshore.
- **Domestic transactions** include all cryptocurrencies purchased both from local and international exchanges that process the payment domestically via partnership with local payment processors.

OTHER SPECIFICATIONS

- All monetary values are expressed in U.S. dollars unless otherwise specified.
- Please note that numbers in charts may not add up to 100% due to rounding.

INTRODUCTION

In the post-pandemic era, Latin America (Latam) has solidified its position as **a global e-commerce powerhouse and a pioneer in the adoption of cutting-edge technologies** that are reshaping the payments industry worldwide. Latin American consumers are historically used to crises and are quick to adapt to adversities; they are also technology-savvy and some of the world’s most avid users of the internet in general, and social media in particular.¹ E-commerce was already advancing at a steady pace in the region even before 2020, but now Latin Americans are undergoing a remarkably fast shift in their customer behavior, embracing online shopping and instant payments with extraordinary levels of enthusiasm.

It is true that, initially, Latam’s e-commerce boost was a response to the unique conditions posed by the pandemic—especially the constraints that Covid-19 created for traditional brick-and-mortar retail. However, as the pandemic crisis subsided, it became evident that the change in the region’s customer preferences would endure. Latin Americans were not merely turning to online purchases due to restrictions preventing them from visiting physical stores; they were buying online because they recognized that this offered them an innovative, convenient, and, in many ways, superior shopping experience.

Online shopping has enabled Latam consumers to access a wider array of products and services from around the globe. It has empowered them to compare prices, seek better deals, and reduce the time spent on routine purchases—an advantage highly valued in Latin America’s bustling and traffic-ridden urban centers.

In addition, technological advancements have kept on improving the online shopping experience in Latam. The use of Artificial Intelligence (A.I.) and other innovative solutions has allowed e-retailers and online service providers to enhance marketing

As the pandemic crisis subsided, it became evident that the change in the region’s customer preferences would endure

¹ Research released by Atlas VPN (with data from Meltwater, and We Are Social) reported that, of the seven countries in the world where people spend the most time online, five are Latin American: Brazil, Argentina, Colombia, Chile, and Mexico.

capabilities, elevate customer services, and offer customized experiences to their clients. Significant advances in logistics have also emerged, despite Latam's long-standing challenges in this area—e-commerce and marketplace operators are now engaged in a fierce race to provide shoppers with same-day or next-day deliveries by boosting last-mile delivery capabilities.

Progress was particularly fast in the payments industry, which accelerated its pace of innovation to enhance the convenience, security, and speed of digital transactions. Launched in 2020, Brazil's Central Bank's account-based real-time payment system Pix saw its use grow astronomically since it was introduced and outranked the debit card to become the second most used payment method in e-commerce in the country, just after credit cards. The use of the Colombian online bank transfers solution PSE also skyrocketed. Additionally, there was an increase in both the number and the reach of payment providers offering foreign merchants cross-border online payment solutions to help them sell their products and services in Latin American markets.

As a result of all these structural changes, despite some deceleration, the growth of e-commerce has remained strong in Latam after the pandemic, and the segment is expected to expand at a rate of **22% year-on-year until 2026, reaching \$870 billion**. The cross-border e-commerce market alone is expected to expand at a Compound Annual Growth Rate (CAGR) of 30% in the region's Top Six Markets until 2026, more than doubling its size in only three years.

It comes as no surprise, then, that many merchants and global groups are now racing to capitalize on **the massive opportunities that have emerged in Latin America in the wake of all these changes**. From pure-play e-commerce companies to game developers, retailers of all sizes, and all sorts of service providers, a wide range of enterprises and investors from around the globe are trying to understand how to navigate Latam's digital revolution. In such an increasingly competitive environment, access to high-quality and insightful data is crucial for guiding executives in making the right decisions regarding

The segment of e-commerce is expected to expand at a rate of 22% year-on-year until 2026, reaching \$870 billion

short-term and long-term strategies for the region.

In 2021, as the pandemic ushered Latam's entry into the digital economy era, PagSeguro commissioned Americas Market Intelligence (AMI), the parent company of Payments and Commerce Market Intelligence (PCMI), to conduct in-depth research mapping the trends, opportunities, and challenges of the e-commerce industry in the six biggest and most attractive markets in Latin America: Brazil, Mexico, Colombia, Chile, Argentina, and Peru, in order of e-commerce market size – hereafter referred to as the Top Six Markets. The result of these research efforts was the white paper titled "[Digital Renaissance in Latin America](#)," which helped merchants, companies, and investors understand how to thrive in the region's new normal, with its fast-evolving digital ecosystems, new regulations, and changing consumer preferences.

In 2023, PagSeguro commissioned PCMI to conduct a new round of in-depth research, aiming not only to update developments in the e-commerce and payments industries in Latam's Top Six Markets, but also to perform a regional deep dive into the payment ecosystems of seven of its most relevant, high-rising sectors: travel, retail, betting, gaming, streaming, online education, and cryptocurrency. The report that you will read on the following pages summarizes and analyzes the findings of this research, trying to answer some key questions. First, what changed in Latam's e-commerce and payments industries since the end of the Covid-19 crisis, and precisely how large the region's e-commerce market has become now that the transformations brought about by the pandemic have solidified. The report also maps where and how Latin Americans are making online purchases and which payment methods they are adopting. Another goal of the study is to clarify the relevance of cross-border purchases in the post-pandemic era, as well as to share forecasts and insights into upcoming trends for both the region's e-commerce and its payments landscape.

METHODOLOGY

As mentioned previously, this study focuses on the financial digitization and e-commerce landscape of Latam's Top Six Markets and also delves into seven of its most relevant industry verticals: travel, retail, betting, gaming, streaming, online education, and cryptocurrency. For its particular landscape, the cryptocurrency sector was the focus of a dedicated call-out research initiative, whose results are presented in the final expanded section of this report.

Methodology and sources

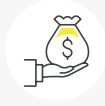
The gathering and processing of data involved a combination of various research methods, including in-depth interviews with key executives and managers, extensive desk research, and proprietary analysis by PCMI experts with substantial experience in the region.

Among the public sources used in the desk research were databases maintained by local central banks, e-commerce organizations, and sectoral associations; press articles; and government and industry reports. The research also included PCMI internal data on Latin America's digitization and e-commerce landscape, which is constantly being updated.

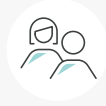
The group of interviewees encompassed key industry stakeholders: local and cross-border merchants; e-commerce and online marketplace operators; and professionals working for international payment processors and gateways, among others.

Timeframe: there were two rounds of interviews. The first one was conducted in the first quarter of 2023 for the PCMI internal e-commerce dataset and the second took place from June to September 2023 and aimed to update some numbers and analysis.

WHY LATIN AMERICA?



\$6.3 trillion
GPD



664 million
people



83%
internet
penetration



84%
access to financial
accounts

A robust market: favorable demographics and economic prospects

Several factors have turned Latin America into a hotspot for e-commerce, online payments, and other segments of the digital economy. One of them is the sheer size of the region's market. Today, Latam is home to 664 million people, accounting **for 8.3% of the world's population**. Of this total, 75% live in Brazil, Mexico, Colombia, Argentina, Chile, and Peru—the Top Six Markets.² In addition, while some high-income countries are experiencing a demographic decline, Latam's population has been expanding at an annual rate of 1% over the last three years and is expected to maintain this growth pace until 2026, when the region is projected to reach 679 million people.³

FIGURE 1. LATIN AMERICA POPULATION 2019-2026, MN

	2019	2020	2021	2022	2023	2024	2025	2026
Argentina	45	45	46	46	47	47	47	47
Brazil	212	213	214	215	216	218	219	220
Chile	19	19	20	20	20	20	20	20
Colombia	50	51	52	52	52	52	53	53
Mexico	125	126	127	128	129	129	130	131
Peru	33	33	34	34	34	35	35	35
Top Six Markets	484	488	492	495	498	501	504	507
Latin America	645	651	655	659	664	669	674	679

² The World Bank

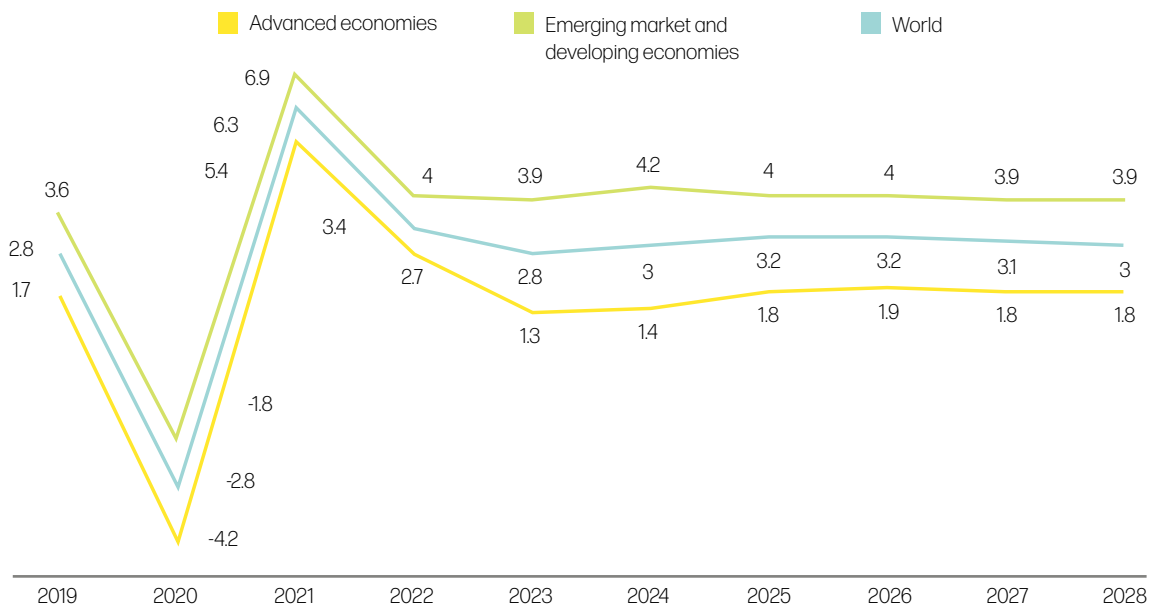
³ Estimates for population and GDP include the Caribbean region.

Latam boasts a **GDP of \$6.3 trillion**,⁴ or 6% of the world’s economy, with the Top Six Markets that are the focus of this study contributing 89% of this total. Advanced economies are forecasted to grow at only 2% per year, while emerging markets and developing economies, including Latin America, rise at a 4% annual rate.

FIGURE 2. LATIN AMERICA GDP 2019-2026, US\$BN

	2019	2020	2021	2022	2023	2024	2025	2026
Argentina	447	386	487	630	687	691	731	823
Brazil	1,873	1,476	1,649	1,919	2,170	2,360	2,455	2,544
Chile	278	254	316	301	361	381	404	429
Colombia	323	270	319	344	371	415	447	486
Mexico	1,270	1,090	1,275	1,416	1,753	1,722	1,749	1,801
Peru	231	205	225	245	268	288	305	323
Top Six Markets	4,422	3,680	4,271	4,854	5,610	5,857	6,090	6,405
Latin America	5,207	4,372	5,052	5,764	6,322	6,619	6,890	7,204

FIGURE 3. LATIN AMERICA GDP GROWTH 2019-2026, %



4 IMF, International Monetary Fund

With a population of 216.4 million people and a GDP of \$2.2 trillion, **Brazil is Latam's largest market, followed by Mexico**, which is home to 128.5 million people and has a GDP of \$1.75 trillion. Unsurprisingly, Brazil and Mexico also boast the region's highest volumes of e-commerce transactions and cross-border sales. Together, these two countries account for 61% of the total volume of cross-border sales in the Top Six Markets, with Mexico representing 31% of this total and Brazil, 30%. Partly due to its proximity to the U.S. market, **Mexico also experiences the fastest growth in cross-border transactions**, with a CAGR of 44%. By 2026, the country is expected to contribute 42% to the total volume of cross-border sales in the Top Six Markets.

Brazil and Mexico account for 61% of the total volume of cross-border sales in the Top Six Markets

State of digitization and access to the financial system

Two intertwined processes have played a significant role in transforming Latam into a burgeoning digital economy hotspot in recent years: the rapid increase in the levels of financial inclusion and the expansion in internet access. Today, 414.5 million Latin Americans are connected to the global web, and **the rate of internet penetration has jumped to an average of 83%**⁵ in the Top Six Markets, up from 77% two years ago.

Chile and Argentina stand out as the countries with the highest rates of access to the internet: 93% and 90%, respectively, up from 83% and 88% in 2021. Colombia and Peru, while slightly below the regional average, have also made significant progress, with rates now at 80% and 81%, respectively, up from 65% and 68% in 2021.

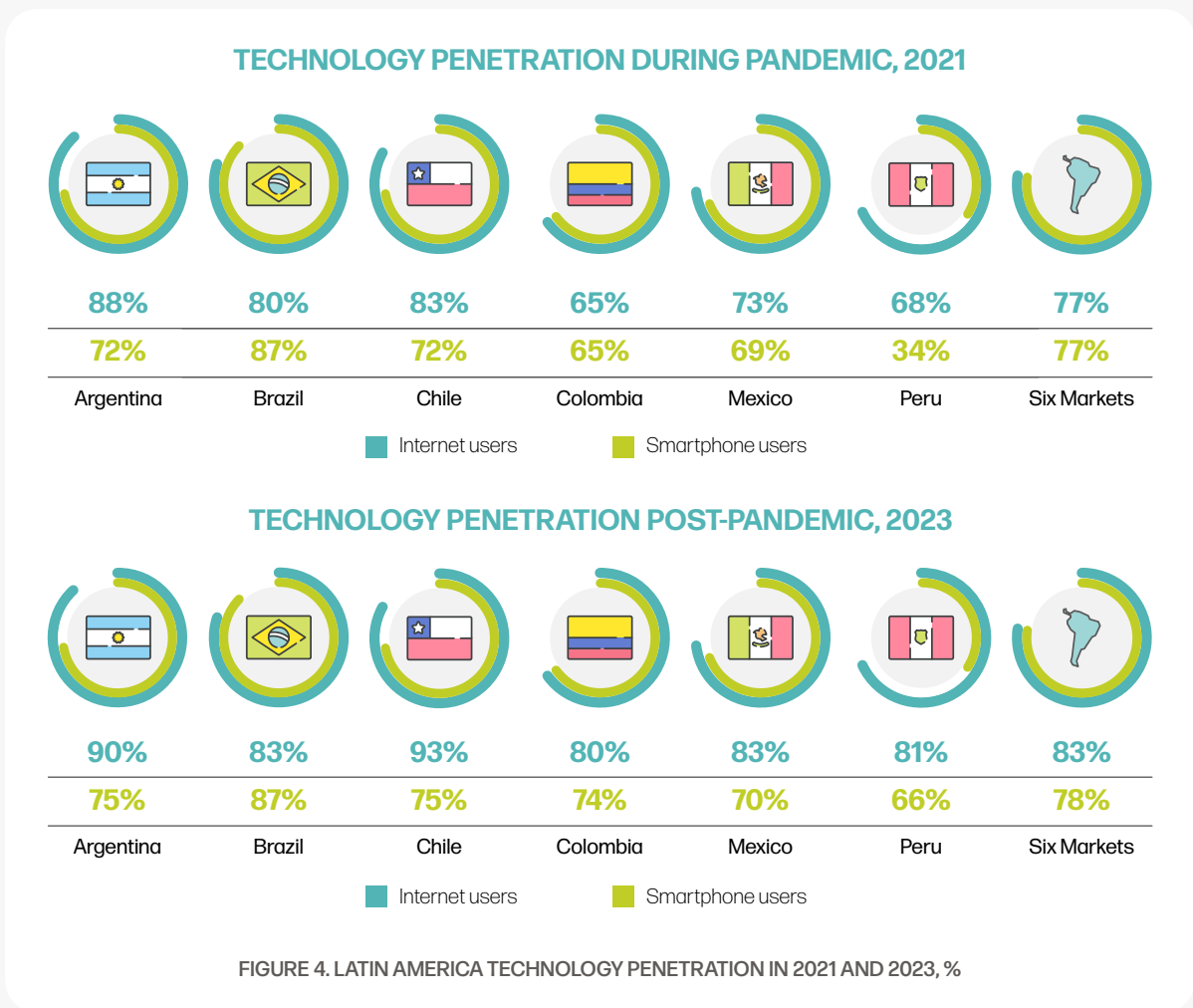
Chile's notable advancement in this area—which propelled the country to overtake Argentina at the top of Latam's ranking for internet penetration—is linked to two major developments that took place in the country in recent years. In December 2021, Chile launched Latin America's first 5G network in a major initiative to support the country's digital transformation. Then, five months later, the Chilean Government introduced a program called "Chile Digital 2035" with the goal of reducing digital inequality levels and guiding the digital

5 PCMI analysis

transformation in the country. This ongoing initiative includes strategies to promote infrastructure development, enhance cybersecurity, and advance the digitalization of Chile’s public sector.

One of the key factors contributing to the rapid expansion of internet access in Latam has been the widespread adoption of smartphones, as the region has relatively low rates of computer ownership. For instance, in Chile, Colombia, Mexico, and Peru, less than 40% of the population has access to computers.⁶ On the other hand, 78% of the population in the Top Six Markets own one or more smartphones, which explains why these devices have become Latin Americans’ main point of access to the internet.⁷

Brazil stands out with the highest smartphone penetration rate in the region, at 87%. Peru has the lowest rate—66%—, but the country has experienced significant improvement since 2021, when only 34% of its citizens had a smartphone.



⁶ Mexico: Inegi, Peru: gestion.pe, Chile: infraestructurapublica.cl, Colombia: DANE.gov, data for 2022.

⁷ PCMI analysis

Regarding access to financial services, the Covid-19 pandemic marked a watershed moment for Latam, mainly for one reason: during the crisis, governments from countries like Brazil, Argentina, and Colombia provided subsidies aimed at assisting large segments of the population grappling with the adverse economic impacts of the crisis. To prevent overcrowding at banks or government offices, these subsidies were exclusively disbursed into digital bank accounts—which meant that those seeking assistance had to own one of such accounts. Spurred by this requirement, the percentage of the population in the Top Six Markets with **access to a financial account rose from a mere 51% in 2017 to 84% in 2023.**⁸

It is true that this average figure conceals significant disparities within the Top Six Markets group. For instance, in Mexico, where there were no pandemic-related subsidies for individuals as in other Latam countries, the share of the population with access to a financial account has remained below 60%. With a large informal economy and a preference for cash among locals, Peru also saw no significant improvement in its rate of bancarization, and only 54% of the country's population has a financial account. However, the meteoric progress made in this area by countries such as Brazil, Argentina, Chile, and Colombia suggest that, even if at a slower pace, the rest of the region could soon follow suit.

Brazil's financial system is widely recognized as one of the most advanced and innovative in the world

Brazil's financial system is widely recognized as one of the most advanced and innovative in the world, so it comes as no surprise that the country also spearheads Latam's banking and digital payments revolution. The Brazilian financial industry began its journey of digital transformation in the 2010s, although this process gained momentum during the pandemic. For over a decade, pioneering ventures and forward-thinking regulations have reshaped the competitive dynamics in Brazil's financial sector, radically transforming local consumers' behavior and setting new trends that, sooner or later, spread to many of the country's neighbors.

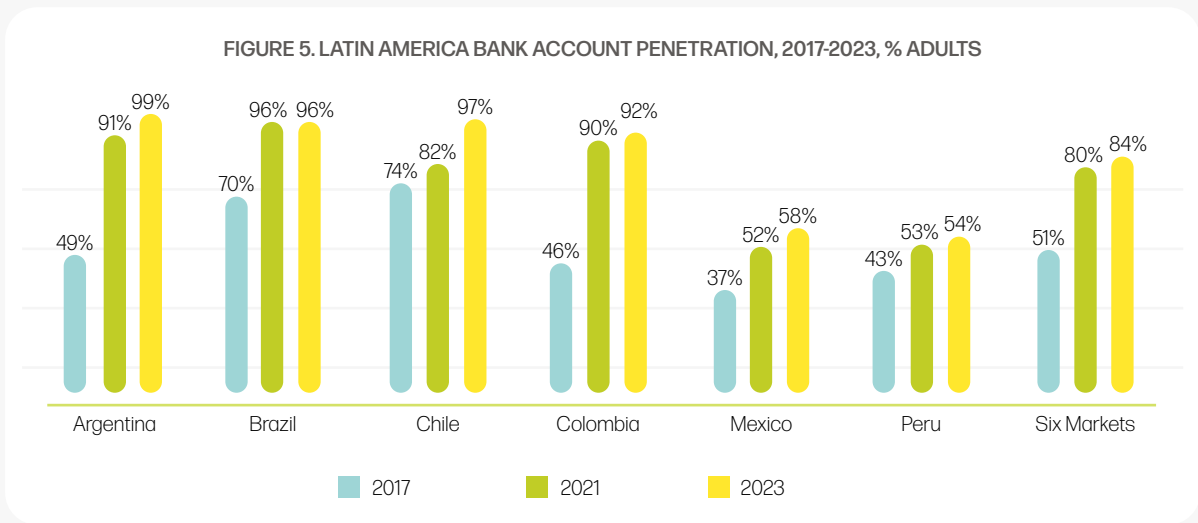
One prominent example of Brazil's breakthrough innovations is, of course, the Central Bank's Pix instant payment system, which was launched in 2020 and had a significant impact on the use of cash and cards in the country. **In Q1 2023, Pix represented 35% of all registered payment transactions in Brazil, making**

⁸ 2017 Findex



it the dominant payment method in the country. The emergence of this real-time account-based system also impacted the number of cash withdrawals, which fell from 9% of all transactions in Q4 2020 to 3% in Q1 2023.

Pix’s technical excellence and its lightspeed adoption by the Brazilian population have served as an inspiration for similar initiatives that were starting to gain traction in other countries—and, today, the real-time payment revolution is seen as one of the driving forces of the digital transformation in Latam’s financial industry.



Brazil also has one of the world’s most advanced Open Banking regulatory frameworks and is discussing legislation to **regulate the cryptocurrency market**. In addition, it is home to some of the most influential fintech companies in Latin America—for instance, Nubank, the leader in the country’s neobank segment, reached 82.3 million clients in July 2023, surpassing Banco do Brasil to become the fourth largest financial institution in the country.⁹ Other prominent examples of Brazilian digital banks are PagBank (with 30.2 million clients), C6 Bank (28 million), Inter (27.8 million), and Neon (21.1 million).¹⁰

Undoubtedly, throughout Latin America, neobanks have played a pivotal role in advancing the financial industry’s digital transition by offering customers innovative services and products. They have also elevated the industry standards by delivering exceptional customer experiences through online platforms, apps, and other client interface channels that are not only faster but also more user-friendly and agile.

⁹ Brazilian Central Bank
¹⁰ Brazilian Central Bank



Their emergence has also compelled incumbent banks to catch up, enhancing their digital offerings to include services such as account openings and the acquisition of credit cards. In Colombia, traditional banks Bancolombia and Davivienda launched their own neobanks—Nequi and Daviplata, respectively—which grew to serve 16 million clients each by facilitating the distribution of government aid during the pandemic. In Argentina, Mercado Pago was introduced by the marketplace operator Mercado Libre, amassing 8 million users; in Chile, there are currently two major digital banks: MACH (4 million users), created by the traditional bank BCI, and Ripley, launched by retailer Calderón and amassing 1.5 million users.

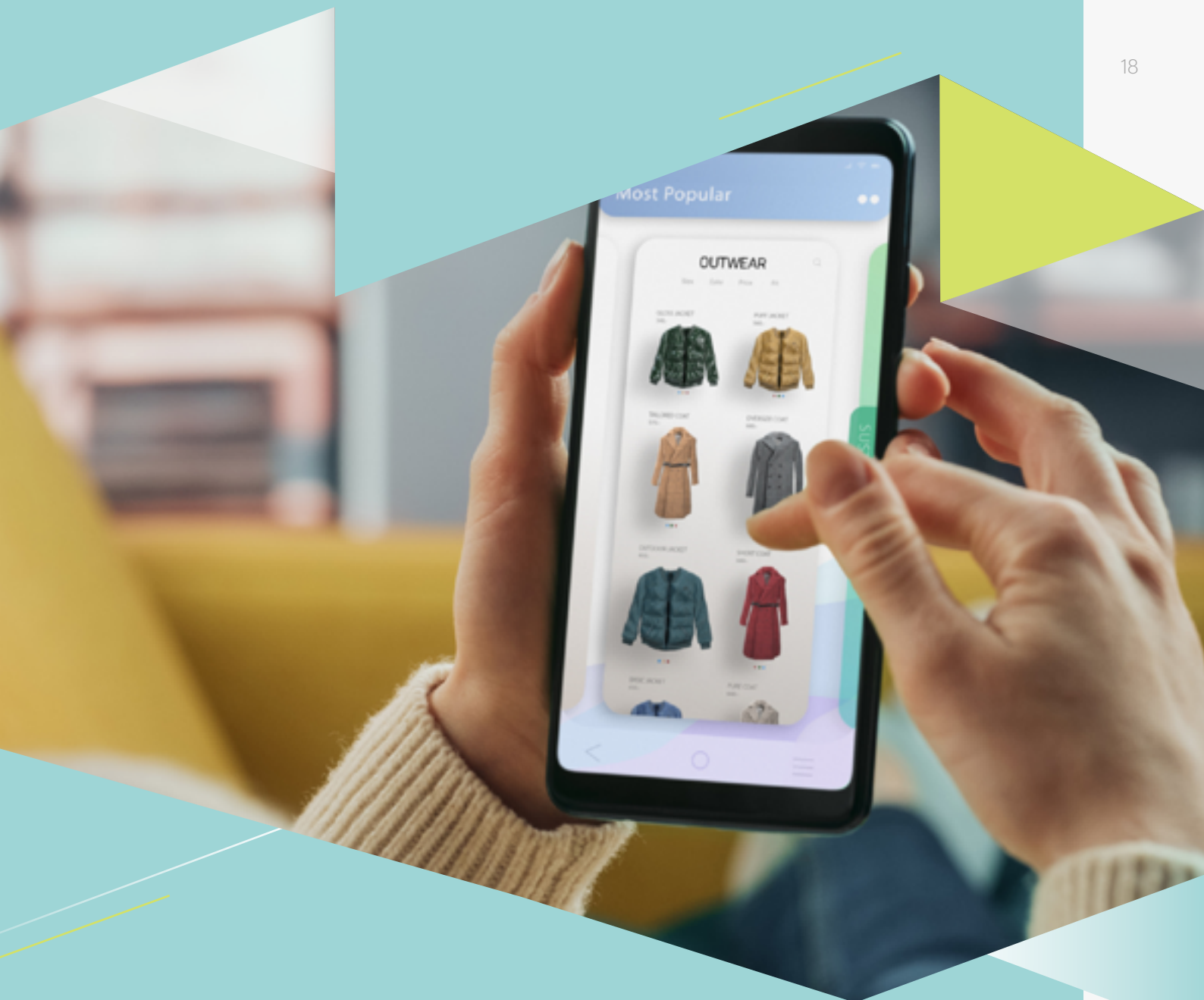
As Latin America's digital finance ecosystem develops, cash is progressively being displaced by digital payment methods in many countries.

In Chile, cash transactions currently account for only 12% of all payments – the lowest share among the Top Six Markets. In Brazil, the cash share is also small, at 16%. Although the rate in other countries is still significantly higher – 42% in Argentina, 51% in Colombia, 52% in Chile, and 66% in Mexico –, there is a clear regional trend toward the growth of other payment methods, particularly account-based instant systems.¹¹

This trend opens a significant window of opportunity for cross-border merchants by making payment transactions faster and more efficient. As consumers in the region grow more comfortable with buying online and using digital payment methods, whether in the comfort of their homes or during a quick coffee break at the office, sellers from across the globe can more easily access them to **explore the vast and growing potential of Latam's e-commerce market.**

The trend toward instant payments opens a significant window of opportunity for cross-border merchants by making payment transactions faster and more efficient

11 PCMI analysis



E-COMMERCE IN LATIN AMERICA



\$ 509 billion
e-commerce
volume



\$ 52 billion
cross-border
volume



82%
internet
penetration

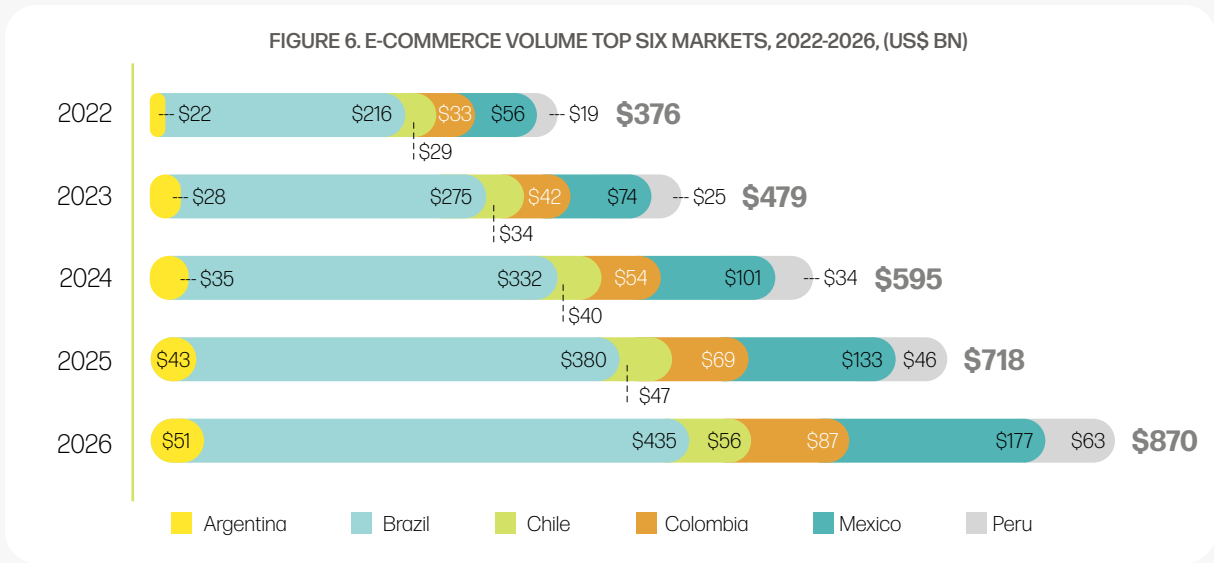


30%
cross-border
volume CAGR

HOW BIG IS LATIN AMERICA'S E-COMMERCE MARKET?

PCMI estimates that **82% of the adult population in the Top Six Markets made an online purchase in 2023**. This represents a 34% increase from 2020, the first year of the pandemic, when only 61% had shopped online. Brazil leads this statistic with a rate of 90%, closely followed by Chile and Colombia, where 87% and 86% of the adult population shopped online in 2023, respectively. At 60%, Peru has the lowest rate in the Top Six Markets group, but even there the share of customers who have made an online purchase in 2023 surpasses the percentage of those who haven't.

As of 2023, PCMI estimates Latam's e-commerce market at \$509 billion.¹² **The Top Six Markets contribute 94% to this total, amounting to \$479 billion.** Last year, the volume of e-commerce transactions in the Top Six Markets rose 27% compared to 2021, still impacted by the lingering effects of the pandemic. Looking ahead, in the post-pandemic landscape, e-commerce in Argentina, Brazil, Chile, Colombia, Mexico, and Peru is expected to increase, collectively, at a CAGR of 22% until 2026, reaching \$870 billion. Part of this growth will be driven by the catching up of laggard markets such as Peru and Mexico, where e-commerce is anticipated to expand by 35% and 33% year-on-year until 2026. **The robust expansion of cross-border e-commerce at a CAGR of 30%,** as mentioned previously, is also expected to be one of the engines of this growth.



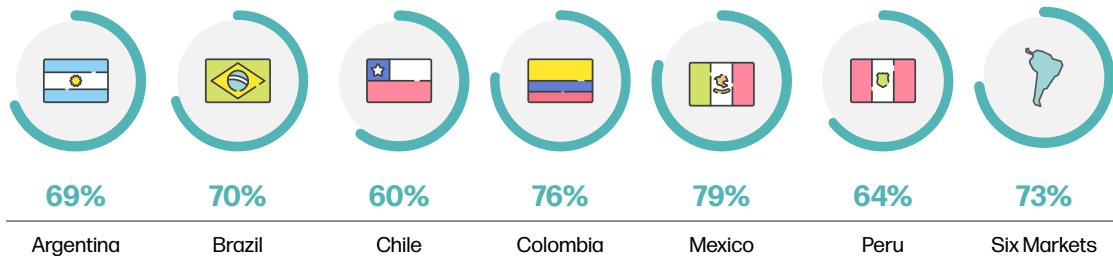
¹² The following countries were considered for this estimate: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, and Uruguay.

HOW ARE LATIN AMERICANS PURCHASING ONLINE?

The low penetration of desktops in the region and the prevalence of smartphones as the primary means of internet access for Latin Americans help to explain why **the region has become mobile-first for e-commerce**. As mentioned earlier, less than 40% of the population in Peru, Colombia, Chile, and Mexico has access to a computer. In Argentina, the rate is 63%; in Brazil, 58%.¹³

Today, **73% of online purchases in the Top Six Markets are made through mobile devices**, up from 55% in 2020. Mexico leads with the highest share of mobile transactions in total e-commerce volume, followed by Colombia, while Chile exhibits the lowest rate.

FIGURE 7. SHARE OF MOBILE CHANNEL IN E-COMMERCE VOLUME, 2023 %



However, it is not only the lack of access to computers and widespread use of smartphones that explain the prominence of the mobile channel in the region’s e-commerce. In recent years, the user experience (UX) on portable devices has been significantly enhanced regionally, leading to an overall increase in satisfaction with online purchases carried out through mobile channels.

Merchants have also recognized the major opportunities related to the advancement of mobile shopping and are moving fast to leverage them.

¹³ Instituto Nacional de Estadística y Censos de la República (NDEC) for Argentina, Cetic.br for Brazil, Infraestructurapublica.cl for Chile, Departamento Administrativo Nacional de Estadística (DANE) for Colombia, Instituto Nacional de Estadística y Geografía (INEGI) for Mexico, and Gestion.pe for Peru.

Retailers, pure-play e-commerce groups, marketplace operators, and other service providers have integrated mobile-friendly store apps and browser websites into their online offerings. The mobile payment experience has also significantly improved. For instance, the adoption of secure cards-on-file technologies now allows purchases to be concluded with a few clicks, effectively reducing shopping cart abandonment rates. Instant mobile account-to-account (A2A) payment solutions offer merchants lower fees and faster payment reconciliation times compared to card alternatives. Additionally, tokenization tools have boosted the security of payment transactions in mobile applications by replacing sensitive data like credit card numbers with non-sensitive identification codes, or tokens.

Looking ahead, given the immense popularity of social media channels in Latin America, the integration of online stores with social media apps—a movement that now is picking up steam—can further contribute to consolidating the mobile device as the undisputable dominant channel for e-commerce in the region.

Until 2026, PCMI forecasts that purchases on mobile channels will grow at a CAGR of 25%, reaching a share of 76% of total e-commerce volume in Latam. Meanwhile, desktop purchases rise at a slower pace with a 15% CAGR.

Mobile sales rise at a 25% CAGR, much higher than desktop purchases' 15% growth rate

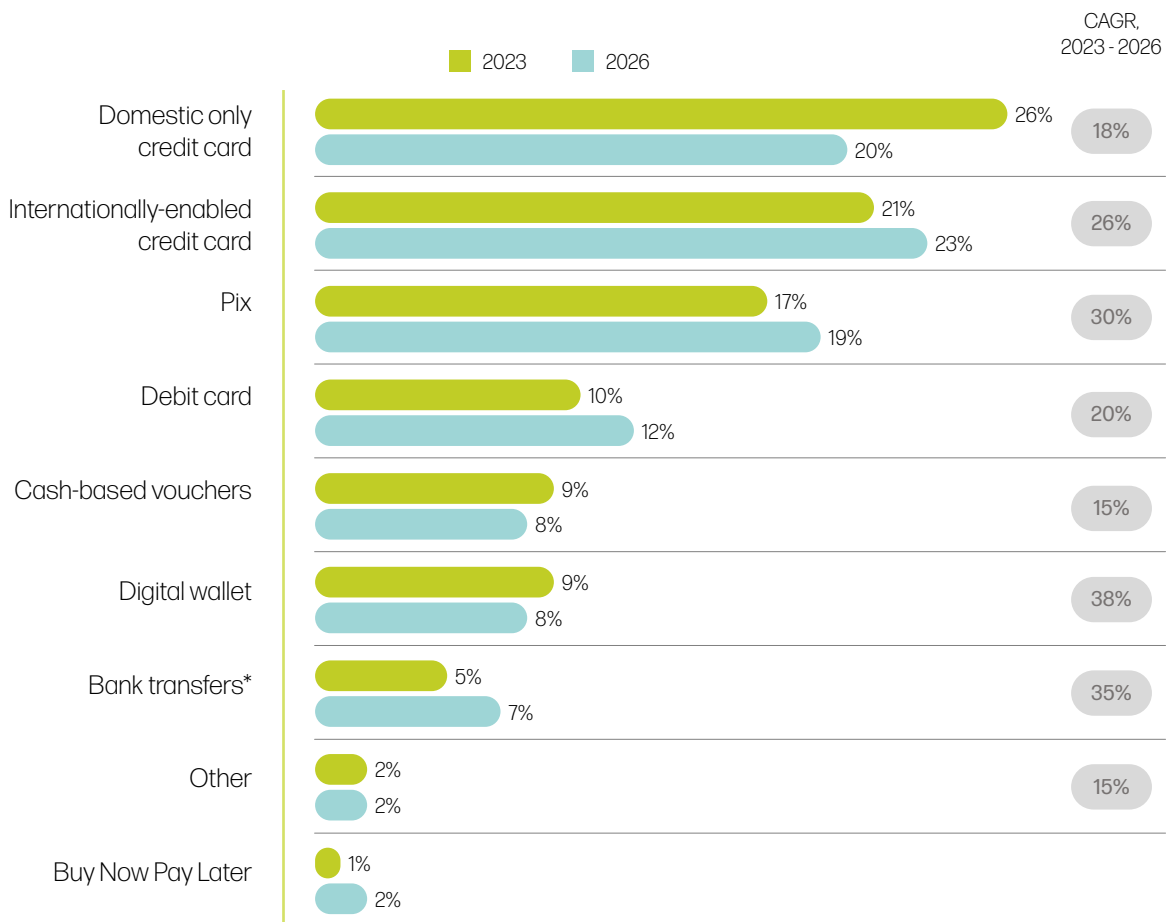
FIGURE 8. MOBILE VS. DESKTOP E-COMMERCE PURCHASE, 2023-2026, %



HOW ARE LATIN AMERICANS PAYING FOR ONLINE PURCHASES?

The credit card remains the primary payment method in Latam, although it has been **progressively losing share to other alternatives**, particularly real-time payment solutions such as Brazil's Pix and Colombia's PSE. Since 2023, the share of e-commerce payments made through credit cards in the region declined from 55% to 47%, and this downward trend is expected to persist, with credit card usage projected to fall to 43% by 2026.

FIGURE 9. SHARE OF E-COMMERCE EXPENDITURE, 2023-2026, %



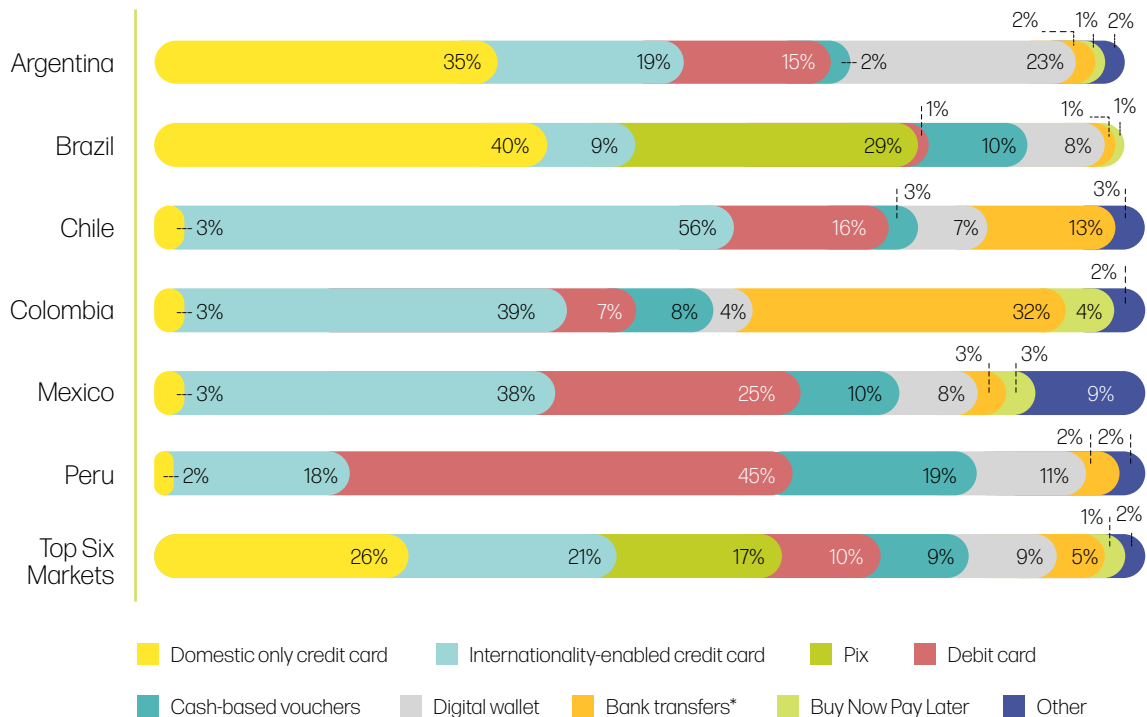
*Bank transfers, includes all account-based real-time payments (except Pix)

Zooming into the cards category, the region has seen a rise in the use of internationally-enabled cards driven by a two-fold process. On the one hand, local fintech companies are issuing a growing number of cards accepted overseas. On the other hand, foreign merchants are gaining popularity and market share in the region, and some of them don't accept domestic cards.

PCMI estimates that the use of international credit cards will increase from the current 21% of e-commerce volume in the Top Six Markets to 23% in 2026. In the same period, the share of domestic credit cards is expected to drop from 26% to 20%. Chile is the country where international credit cards represent the highest share of total payments in e-commerce, at 56%. Similarly, in both Mexico and Colombia, international cards are also the most-used payment method, with shares of 38% and 39%, respectively.

Throughout the region, international cards allow Latin Americans to make online purchases with merchants outside their home country. However, even with the abovementioned increase, this payment method is expected to account for less than a quarter of Latam's e-sales, which suggests that, **to capitalize on the full potential of the region's e-commerce wave, merchants should offer their clients access to local payment methods.**

FIGURE 10. PAYMENT METHOD SHARE OF E-COMMERCE EXPENDITURE, 2023, %



*Bank transfers, includes all account-based real-time payments (except Pix)

The rise in the usage of instant payment solutions is one of the most significant trends in Latam's payment industry. This trend is evident through the increasing e-commerce shares of both Pix and bank transfers, a category that also encompasses other real-time payment methods throughout the region.

As local consumers seek more convenience, speed, and flexibility in their payments, e-commerce groups, marketplace operators, retailers, service providers, and pure-play payment facilitators have gradually expanded their portfolio of payment options to include peer-to-peer (P2P) structures and multi-rail platforms, which integrate various payment channels.

Today, although only accepted in Brazil, Pix alone claims 17% of all e-commerce sales in the Top Six Markets and is expected to keep on growing vigorously until 2026. The system has become a benchmark for instant payments systems not only in Latin America, but across the globe, and today accounts for 29% of e-commerce volume in Brazil—trailing only domestic credit cards, which hold a 40% share. In some specific online sectors and contexts, Pix adoption rates in Brazil can be even higher. Considering only the payments processed by PagSeguro, for instance, **Pix can represent as much as 50% of merchants' online sales volumes**, depending on the vertical and the average ticket.

Another account-to-account payment solution, **PSE is expanding rapidly in Colombia, already representing a third of online sales in the country** and being projected to reach a 40% share in 2026. Additionally, the Colombian Central Bank is developing its own instant payment system, the "Sistema de Pagos Inmediatos," which was inspired by Pix and is expected to be launched by 2024. Peru's Yape, Chile's TEF, Mexico's CoDi, and Argentina's Transferencias 3.0 are other examples of rapid payment tools that are gaining traction in the region.

Propelled by these real-time payment options, bank transfers are the payment category expected to expand the fastest until 2026 in Latam's Top Six Markets, at a CAGR of 39%. Domestic credit cards and cash vouchers are projected to have the slowest growth rates, with CAGRs of 11% and 15%, respectively.

Debit cards stand as the primary payment choice in Peru, accounting for 45% of online sales in the country. In Chile, they are the second preferred payment method, making up 16% of e-commerce volume. Digital wallets are especially relevant in Argentina, where they account for 23% of online shopping payments, trailing only behind domestic credit cards, which hold a 35% share. Mercado Pago is the leading wallet for e-commerce in the country, also with PayPal and local wallet provider MODO as key players in this segment.

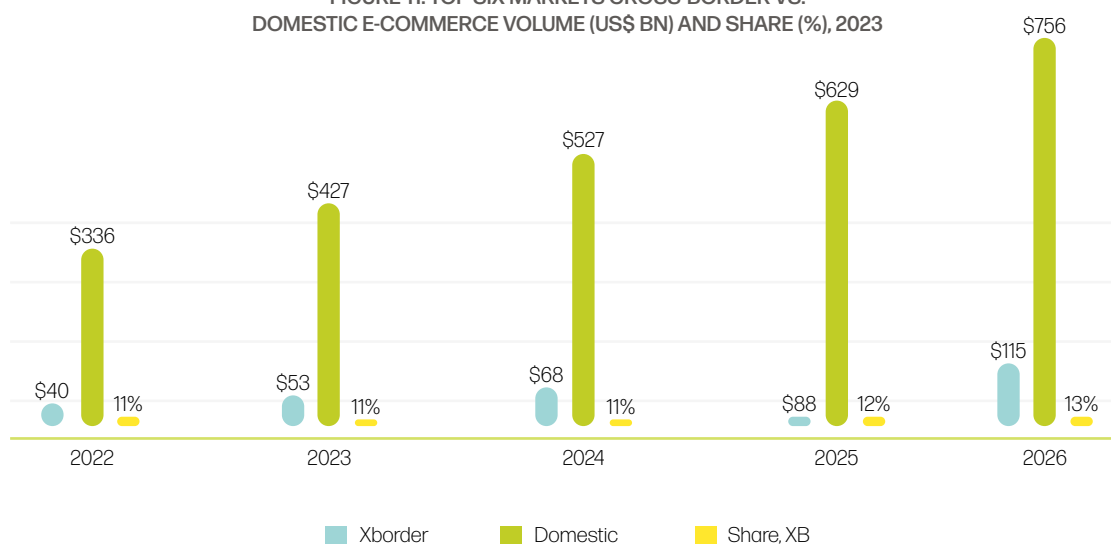
Although only accepted in Brazil, Pix alone claims 17% of all e-commerce sales in the Top Six Markets

What is the cross-border e-commerce opportunity?

The volume of cross-border e-commerce in the Top Six Markets today stands at \$52.5 billion. Prospects for this industry are also extremely positive.

E-commerce cross-border payments are estimated to grow at a CAGR of 30% in the region until 2026, outpacing the projected 21% growth rate for domestic transactions. As a result, by 2026, cross-border sales are expected to reach a market value of \$114.6 billion, contributing 13% of e-commerce volume in the Top Six Markets.

FIGURE 11. TOP SIX MARKETS CROSS-BORDER VS. DOMESTIC E-COMMERCE VOLUME (US\$ BN) AND SHARE (%), 2023



Evidently, the picture across the region is mixed. For instance, in Peru and Chile, cross-border transactions represent 23% of all e-commerce sales. The rate is partially boosted by the small size of these markets, which leads local consumers to view foreign merchants as points of access to products and services with superior quality and greater variety.

In Mexico, cross-border sales represent 22% of e-commerce, propelled by the proximity to the U.S. market and American merchants. Conversely, in Argentina, cross-border transactions account for only 3% of e-commerce sales, hindered by currency controls, an unfavorable exchange rate, and barriers imposed on international merchants.

In Brazil, the cross-border share in e-commerce is also low at 6%, primarily due to competition from a large domestic market and to relatively high import tariffs,

as well as other barriers to trade—although there are exceptions for small-ticket products. Still, as previously mentioned, **Brazil ranks at the top in the region for cross-border online sales, alongside Mexico, due to the large size of its market.** Also, in both Brazil and Argentina, the acquisition of foreign products and services is aspirational and frequently seen as good value for money, which helps catalyze the opportunities for cross-border trade in these markets.

Across Latin America, the surge in cross-border e-commerce payments is being fueled by a myriad of factors. Firstly, the growing acceptance of alternative payment methods like Pix and PSE by cross-border payment providers has helped them to expand their consumer base, incorporating clients without a bank card. Another growth driver for cross-border transactions has been the recent increase in the number and reach of payment providers offering solutions for global businesses seeking to expand their operations to Latin America.

Several payment facilitators are expanding their presence beyond Brazil and Mexico, the region's major economies. Others are venturing into new sectors such as streaming, gaming, gambling, cryptocurrency, and Software-as-a-Service (SaaS) sales. Additionally, some are now offering efficient payout solutions that enable those living in Latin America to receive payments directly into their accounts or digital wallets for services rendered on global freelance platforms or within gig economy arrangements. These systems also allow Latin Americans to receive prizes and other forms of payment that they are entitled to due to their activities in betting or gaming platforms, for example.

There has also been an increase in the adoption of the Merchant of Record (MoR) model, whereby a local entity receives and processes payments domestically on behalf of a foreign merchant, ensuring the business complies with local regulations. Often, this entity also assists the merchant's store in maintaining a local look and feel, setting up customer services in the local language, and so on.

All these new services and offerings intensify the level of competition among payment facilitators, especially those focused on large companies. At the same time, foreign merchants are becoming increasingly aware that, given the complexities and difficulties of each payment market in Latin America—including differences in regulatory frameworks and consumer behaviors—, **local partners can be of great help in ensuring a seamless experience while exploring the vast opportunities created by the growth of e-commerce in the region.**

Several payment facilitators are expanding their presence beyond Brazil and Mexico, the region's major economies



E-COMMERCE IN LATIN AMERICA BY VERTICAL

MARKET SHARES AND GROWTH PROSPECTS BY VERTICAL

The dominant vertical in Latam’s digital payment ecosystem, retail accounts for 54% of e-commerce volume in the region. However, by 2026, the share of this sector is expected to experience a slight decline to 52% after expanding at a CAGR of 21%, less than the growth anticipated for other verticals.

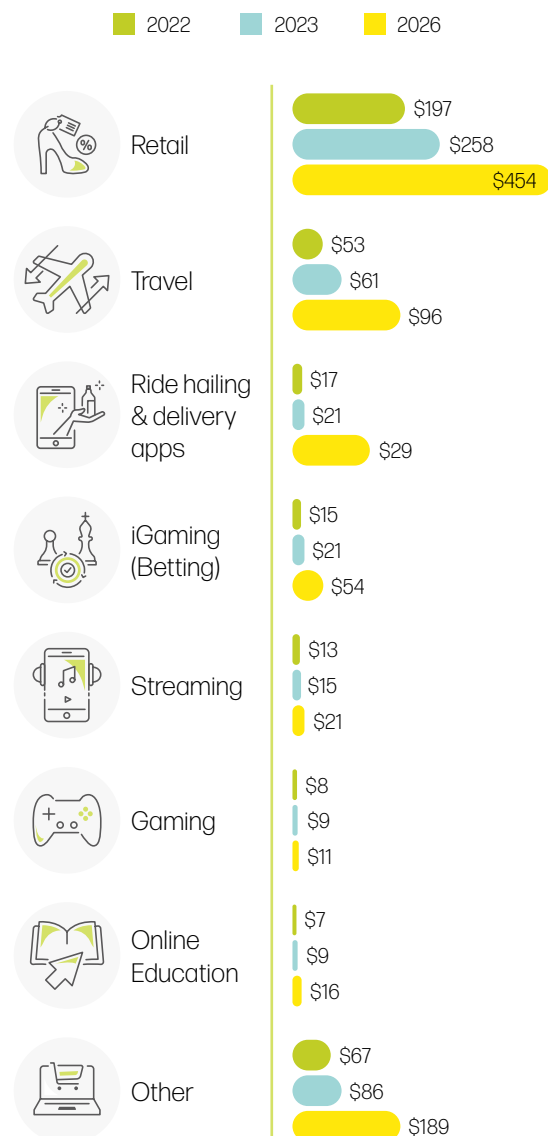
Betting is the sector expected to grow the fastest, at 38% year-on-year until 2026. Starting from a modest 4%, it is projected to expand its share in the Top Six Markets’ e-commerce sales to 6% in three years.

Tax payments, fees, bills, government services, healthcare plans, insurance policies, and other service—a vertical identified in this study as “Other”—are also expected to grow vigorously in the next few years. Representing an \$86 billion market today, these services are expected to expand at a CAGR of 30% until 2026, reaching \$189 billion, or 22% of total online sales.

The travel sector is the third most prominent vertical in the Top Six Markets e-commerce ecosystem.

This industry moves about \$61 billion in online payments today, or 13% of total e-commerce volume. Yet, it is expected to grow at a slower pace than other verticals, at a CAGR of 16%, which would reduce its market share to 11% of e-commerce by 2026.

FIGURE 12. TOP SIX MARKETS E-COMMERCE VOLUME BY VERTICAL (US\$ BN), 2022-2026



HOW ARE LATIN AMERICANS PURCHASING BY VERTICAL?

As mentioned previously, mobile is the leading channel for online purchases in Latin America, and it is expected to continue advancing its share over desktop sales. Thus, it is not surprising that mobile transactions represent over 70% of sales in most of the seven verticals analyzed deeply in this study. **The only exceptions are the sectors of travel and online education, which face the opposite situation, with purchases made through computers accounting for over 70% of online transactions.**

This disparity can be attributed to two key factors. Firstly, consumers tend to perceive the travel industry's mobile apps as limited in terms of functionalities and features. As a result, they prefer to use desktops to compare prices and experiences while buying airplane tickets, booking hotel stays, or hiring tour guides.

The same is true for the online education sector: consumers searching for online courses and training programs generally perceive the user experience offered by websites and browsers as superior to that of mobile apps. Additionally, these online courses are typically taught using programs adapted for desktops rather than smartphone applications, so computers represent a natural avenue in the interaction between consumers and providers of educational services.

Looking into the future, **the shortcomings in these sectors' mobile offerings are fertile grounds for innovations and the emergence of new business models.** Indeed, many market players are already investing substantially in the development of travel and online education apps that could offer a more user-friendly and comprehensive mobile experience for their clients. Key industry players interviewed for this study expect the mobile channel to significantly increase its share in the volume of payments processed by the travel and online education sectors. **By 2026, the share of mobile payments in these two verticals is expected to reach 60% of the total.**

HOW ARE LATIN AMERICANS PAYING BY VERTICAL?

Credit cards are the dominant payment method across all verticals, with a preference for domestic credit cards in most of them, except for betting and retail. In the retail sector, internationally-enabled credit cards have grown to reach the same share as domestic cards. This can be partially explained by the rise in the number of international marketplaces operating across Latin America—as mentioned earlier, some of these companies do not accept domestic cards in certain countries, although there is a growing movement towards local partnerships that allow these merchants to do so, especially in countries such as Brazil.

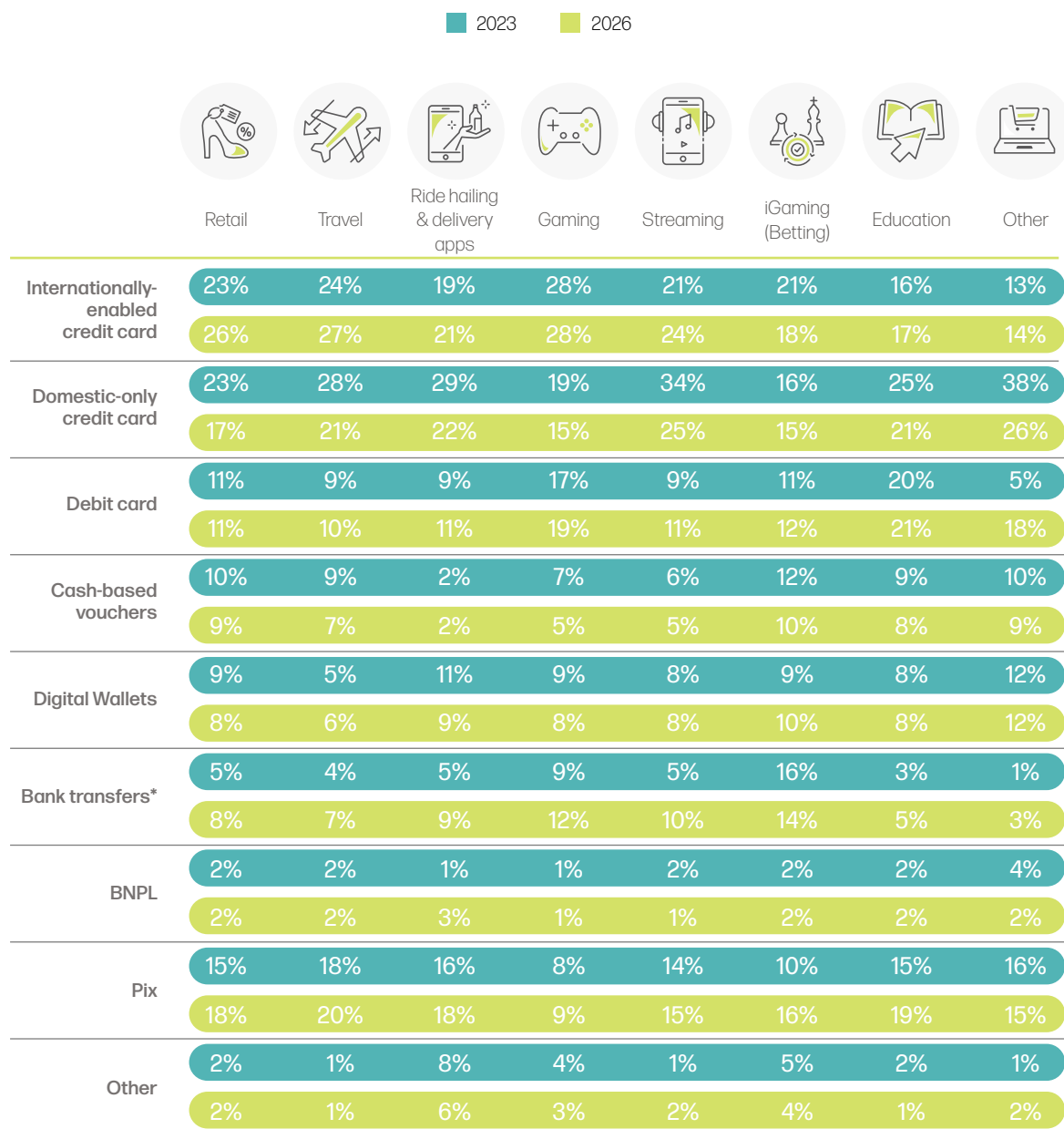
In the betting vertical, international cards are the main payment method, as most betting merchants operating in Latam are not based in the region. In Brazil, the betting vertical only gained momentum in late 2022, when the Brazilian Central Bank recognized it as a foreign exchange modality, granting foreign companies in the sector an official license to operate in Brazil. Since then, Pix has been the second preferred payment method for the betting sector in the country, and it is expected to surpass the share of cards by 2025. In fact, **considering only the transactions performed by local payment processors like PagSeguro, Pix is already the leading payment method in betting in Brazil.** Across Latam, other instant payment solutions have also been relevant for this vertical, which explains why bank transfers account for 16% of online payments in betting in the Top Six Markets.

Brazil's Pix share in the betting sector is projected to increase at a CAGR of 62% until 2026. This real-time payment system is also expected to extend its reach in other verticals, albeit at a slower pace. In the retail sector, Pix is estimated to grow at a CAGR of 28%, driven by the decisions of several international groups, including Shein, Shopee, AliExpress, and Amazon, to establish local entities or partnerships with local payment providers—which enables them to offer domestic payment solutions like Pix.

The second preferred payment method for the betting vertical, which especially favors quickness and security in transactions, Pix rises 62% per year and should become the #1 method for the sector by 2025

Another factor driving Pix’s adoption in Brazil’s retail sector is that some merchants are offering discounts to clients paying through this method—after all, it exempts their companies from chargebacks and commercial disputes associated with card payments, thus being a highly favorable option. Once again, **the low costs and the convenience associated with seamless real-time payments seem to be significantly influencing both consumers’ and merchants’ preferences** as they consider their payment options.

FIGURE 13. PAYMENT METHOD BY VERTICAL 2023-2026, (%)



*Bank transfers, includes all account-based and real-time payments (except Pix)

Spurred by the growth of real-time payment solutions, especially in countries like Colombia and Chile, the payment category of bank transfers is projected to increase its share in most verticals until 2026. In streaming, it is expected to expand at a CAGR of 42%, in retail at 39%, and in travel at 38%.

Debit cards remain relevant in both the online education vertical, accounting for 20% of payments, and in gaming, holding a 17% share. This payment method has a higher penetration rate among young adults compared to credit cards, which likely explains its popularity among gamers.

What is the cross-border opportunity by vertical?

At 34%, the gaming vertical has the highest share of cross-border transactions in its e-commerce operations, followed by streaming, at 21%. Both are expected to maintain the highest shares of cross-border sales in the Top Six Markets, at 38% and 25%, respectively, by 2026. This trend can be attributed to the scarcity of local gaming companies—the most popular vendors in the sector are international, such as Steam and Microsoft Xbox.

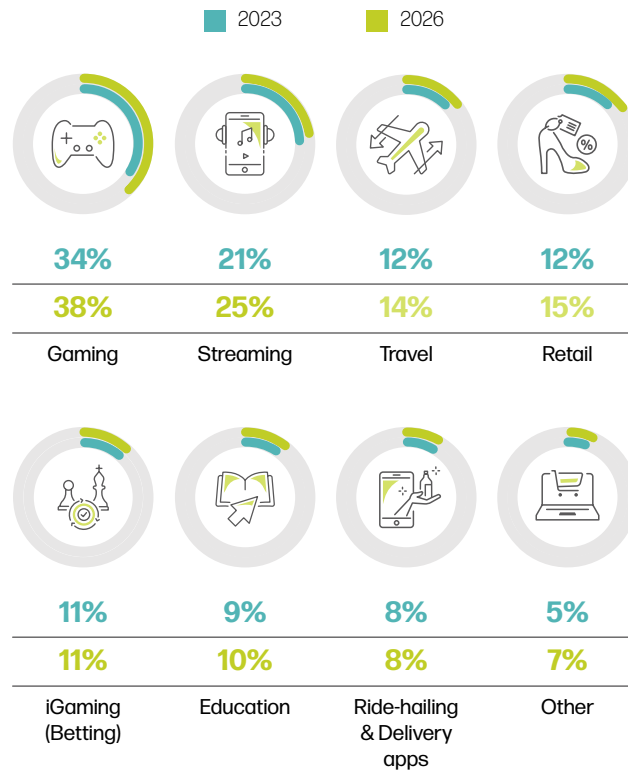
The cross-border operations of both the retail and travel verticals are also expected to experience strong growth. In the retail sector, the volume of these transactions is anticipated to expand by 30% year-on-year until 2026, while in the travel sector, it is projected to grow at a CAGR of 23%.

By 2026, cross-border transactions in sectors selling digital products and services are estimated to amount to \$17.1 billion, a stark increase from the current value of \$9.2 billion. Out of the total value estimated for 2026, \$6 billion refers to the betting market, \$5.2 billion to streaming, \$4.4 billion to gaming, and \$1.5 billion to online education. These projections shed light on the significant window of opportunities opened by the e-commerce wave in the cross-border transactions market in Latam.



Cross-border digital goods should sum up \$17.1 billion in sales by 2026, a stark increase from the current \$9.2 billion volume

FIGURE 14. CROSS-BORDER VS. DOMESTIC SHARE OF E-COMMERCE EXPENDITURE, 2023, (%)



All markets

11%
2023

13%
2026



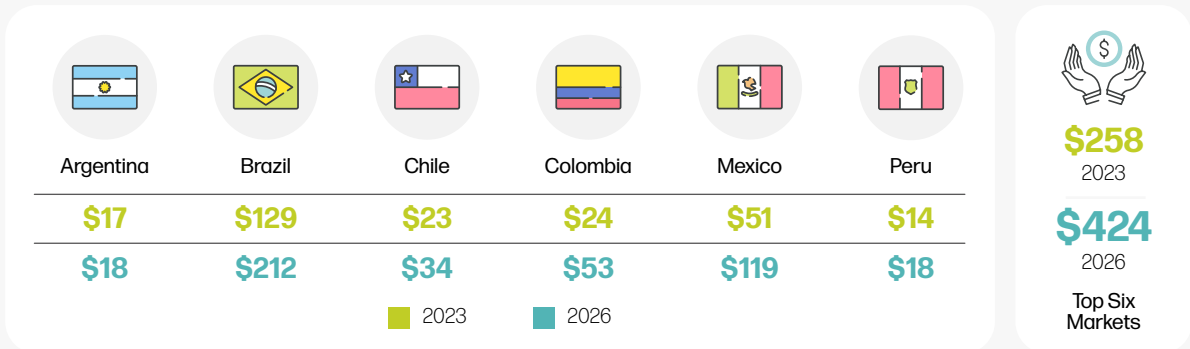
RETAIL

Latin America has been shining on the global stage as the region where online retail sales have grown the fastest. Its retail e-commerce transactions increased by 30% year-on-year in 2023, compared to 14% in the U.S. and 12% in Europe. On top of that, online retail sales are expected to continue expanding at a faster rate in Latam, with a CAGR of 21%, versus 15% in Africa and 11% in the U.S.

The largest vertical in e-commerce, retail is currently a \$258 billion market in the Top Six Markets and is expected to soar to \$454 billion by 2026. Brazil and Mexico lead the e-retail sector regionally, accounting for 70% of all transactions in the Top Six Markets. In addition, **Mexico stands out as the region's fastest-growing online retail industry**, with sales for this sector expected to increase at a CAGR of 33% in the country until 2026.

Colombia is also projected to experience significant growth in the next few years, **with a CAGR of 29% that would more than double the size of the country's e-retail market**, going from \$24 in 2023 to \$53 billion by 2026. This surge would position Colombia as the third-largest online retail market in the region, with a 12% share of the total volume.

FIGURE 15. RETAIL E-COMMERCE EXPENDITURE BY MARKET, 2023-2026, (US\$ BN)



Growth in Latam’s online retail has been primarily driven by the expansion of marketplace platforms serving large and small businesses alike. Both these marketplaces and retailers are making robust investments in their digital channels, boosting e-commerce sales when compared to sales in physical stores. In this context, the online retail landscape is evolving fast in the Top Six Markets. After launching e-commerce platforms and apps to sell their own products, many Latam groups have expanded into marketplaces where they also sell third-party good, with some also developing fully fledged e-commerce ecosystems that include online payment solutions, credit structures, and logistics capabilities. An increasing number of groups are also using their physical stores as collection points where third-party merchants can deliver products to be distributed for customers all over the country through the companies’ logistic channels. This is the case, for instance, of Chilean group Falabella, which has a strong regional footprint, Colombian company Grupo Éxito, and Brazilian retail giant Magazine Luiza. The most popular retail categories among Latin American consumers are electronics, fashion, and beauty and cosmetic products—the wider range of products bought online is a behavior pushed by the pandemic that became a permanent habit for Latam customers.

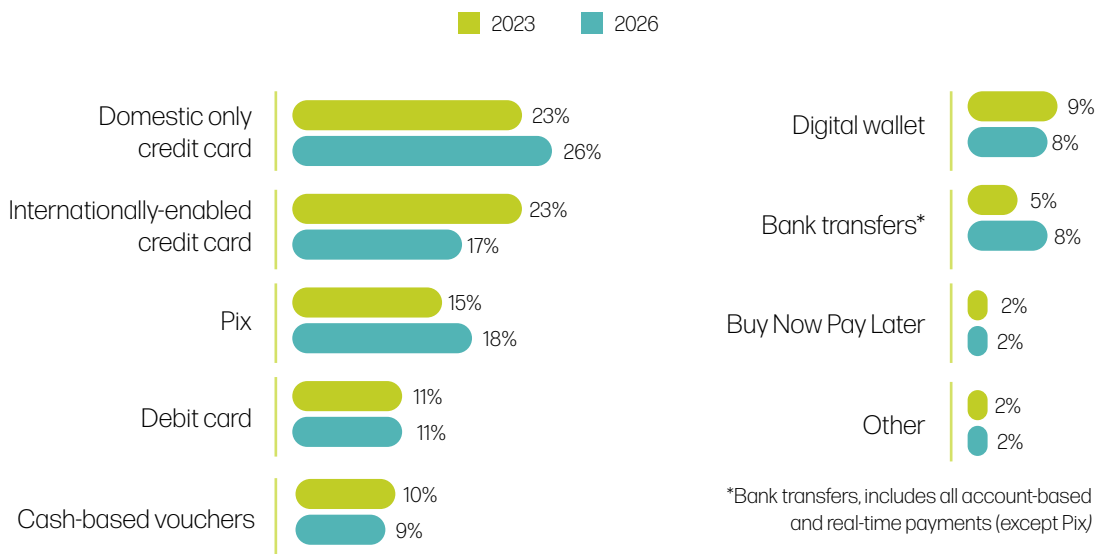
Especially in the case of high-ticket products, such as home appliances and consumer electronic items, growth has also been fueled by the adoption of payment options that increase consumers’ buying power and make purchases more accessible, such as installment plans through credit cards, merchant credit, or Buy Now, Pay Later (BNPL) solutions.

Although cards are the dominant payment method in retail, accounting for 46% of online sales, their share is expected to drop to 43% in 2026—this fall is primarily concentrated in the domestic cards category, whose share of online payments is estimated to decrease from

Growth has also been fueled by the adoption of payment options that increase consumers’ buying power and make purchases more accessible

23% to 17%. In contrast, the share of transactions made through international cards is projected to soar from 23% today to 26% in 2026. As in other sectors, in retail the overall decline in card usage has also been driven by the adoption of instant payment solutions.

FIGURE 16. SHARE OF RETAIL E-COMMERCE EXPENDITURE BY PAYMENT METHOD, 2023-2026 (%)



In the next three years, the volume of Pix operations in the sector are expected to increase at a CAGR of 28%. Meanwhile, the bank transfers category is projected to grow by 39% year-on-year, pushed by the rapid adoption of TEF in Chile and PSE in Colombia. By 2026, the volume of bank transfers is expected to account for over a third of all retail payments in these two markets.

Together, **the Top Six Markets are experiencing an increase in the share of cross-border transactions in retail, mostly due to initiatives by international merchants to expand in the region.** Cross-border operations currently represent around a quarter of online retail volumes in markets such as Argentina, Chile, and Mexico—this share is expected to soar to 31% in Chile and 28% in Mexico by 2026. In Argentina, however, the cross-border share in retail is anticipated to drop from 25% to 21%, reflecting the challenges faced by international groups in operating within such a complex market, marked by rampant inflation and foreign exchange controls.



FIGURE 17. SHARE OF CROSS-BORDER TRANSACTIONS IN RETAIL E-COMMERCE EXPENDITURE, 2023-2026, (%)

	Argentina	Brazil	Chile	Colombia	Mexico	Peru
2023	3%	6%	25%	13%	22%	17%
2026	5%	6%	31%	14%	28%	21%

Once again, having a local payment processor as a partner can be a solid advantage for international merchants looking to explore Latam’s e-retail market, particularly due to the growing popularity of instant payment solutions in the region—as mentioned previously: Brazil’s Pix, Colombia’s PSE, Chile’s TEF, Mexico’s CoDi, Argentina’s Transferencias 3.0, Peru’s Yape, and others. Local partners help international groups navigate the complexities of Latin American countries, with their different digital ecosystems, regulations, and evolving consumer behaviors. No less crucially, they also enable these international groups to offer local payment solutions without having to open a local entity in each country.

EXAMPLES OF LEADING PLAYERS IN THE RETAIL VERTICAL:



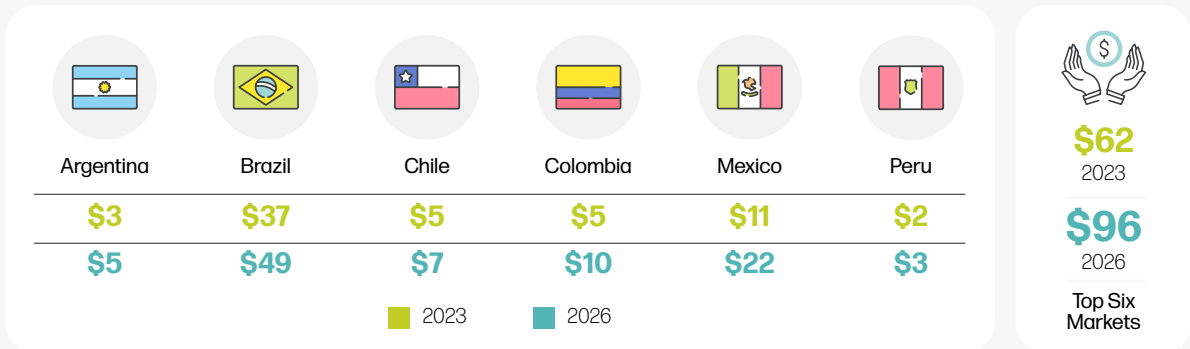


TRAVEL

The online travel sector encompasses the acquisition of travel products and services such as airline tickets, car rentals, and tour packages, as well as the booking of hotels and short-term stays through platforms such as Airbnb. As in the rest of the world, in the Top Six Markets this vertical was severely hit during the Covid-19 crisis, experiencing a 55% decline, from \$53.9 billion in 2019 to \$24.4 billion in 2020. Since then, however, **the sector has been gradually catching up to pre-pandemic levels, reaching \$62 billion in 2023.**

In the domestic travel sector, the bulk of the recovery happened in 2022, while international tourism only picked up pace throughout 2023. Until 2026, the volume of online travel transactions is expected to grow at a CAGR of 16%, reaching \$96 billion, driven by the rapid recoveries of Mexico and Colombia—where the sector is expected to expand at a 29% CAGR until 2026. The travel vertical is also projected to expand at a CAGR of 28% in Mexico and 24% in Argentina.

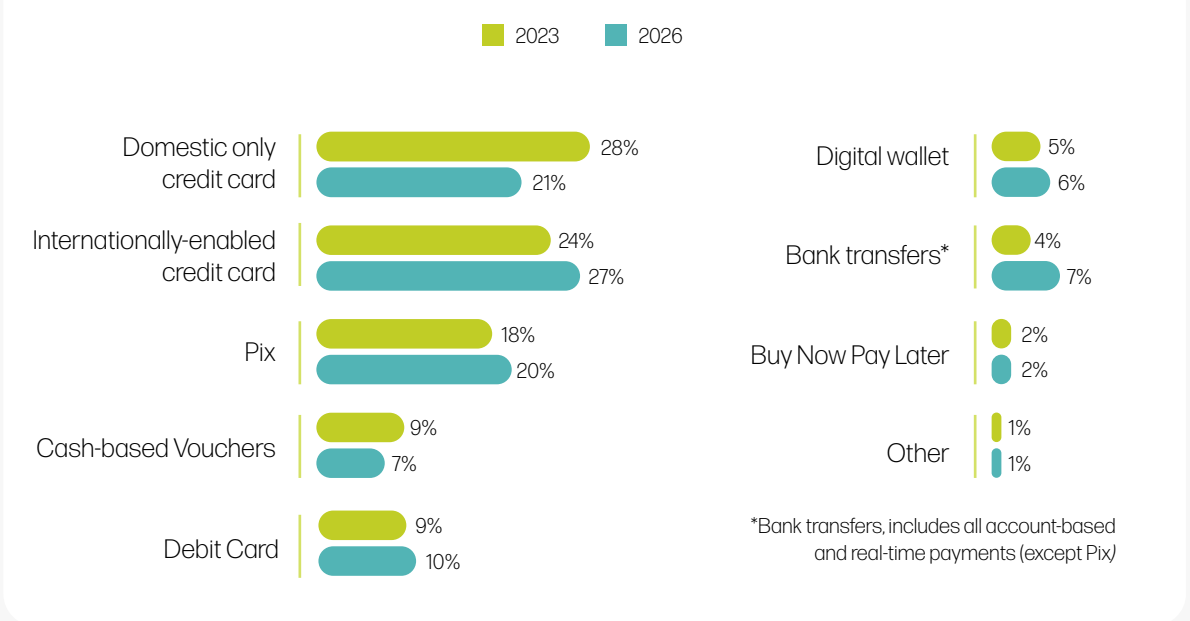
FIGURE 18. TRAVEL E-COMMERCE EXPENDITURE BY MARKET, 2023-2026 (US\$ BN)



The economic downturn brought about by the pandemic has compelled travelers to seek out budget-friendly destinations, promotional packages, and bundled offers. In response to this trend, online marketplaces like Despegar, Expedia, TripAdvisor, and Booking.com have sharpened their **focus on competitive pricing and promotions as key value propositions**. As the tickets in the travel vertical are typically high, many sellers have introduced installment payment plans to expand their consumer base. Airline companies also increased their investments in promotions and the enhancement of their online experiences to compete with the travel marketplaces.

At the same time, the luxury travel segment thrived, serving high-income individuals unaffected by the economic crisis. With the lifting of travel restrictions, these consumers have been seeking out exclusive tourism experiences with high price tags, both domestically and abroad.

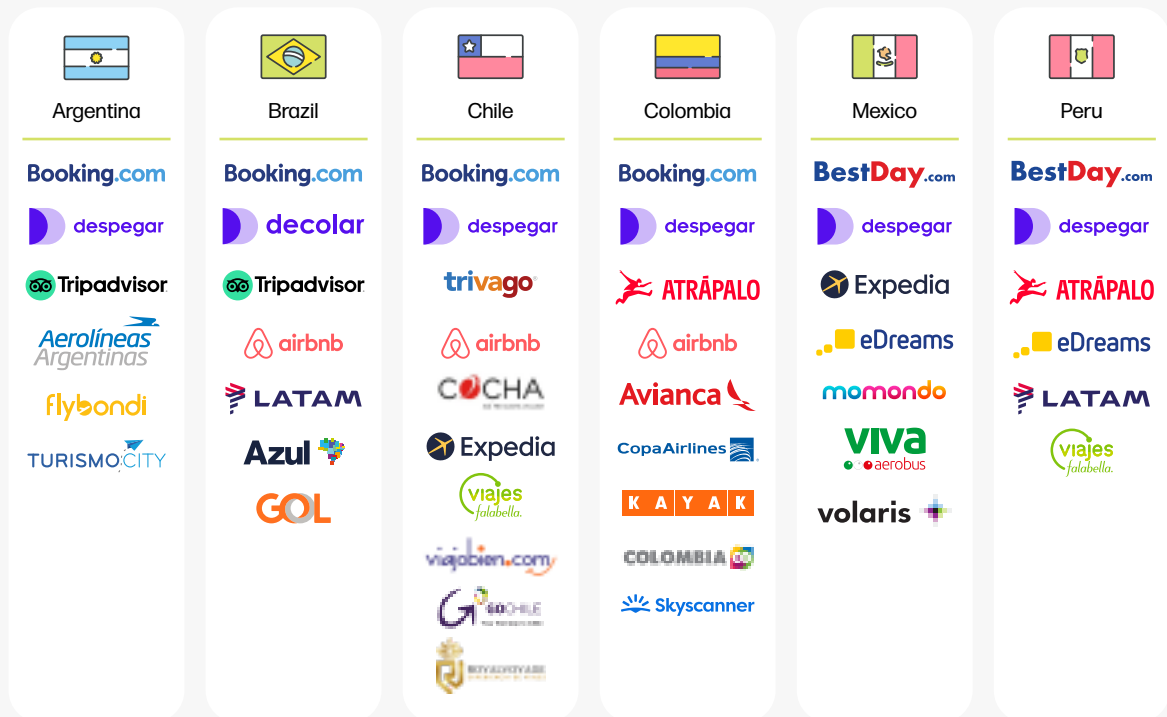
FIGURE 19. SHARE OF TRAVEL E-COMMERCE EXPENDITURE BY PAYMENT METHOD (%), 2023-2026

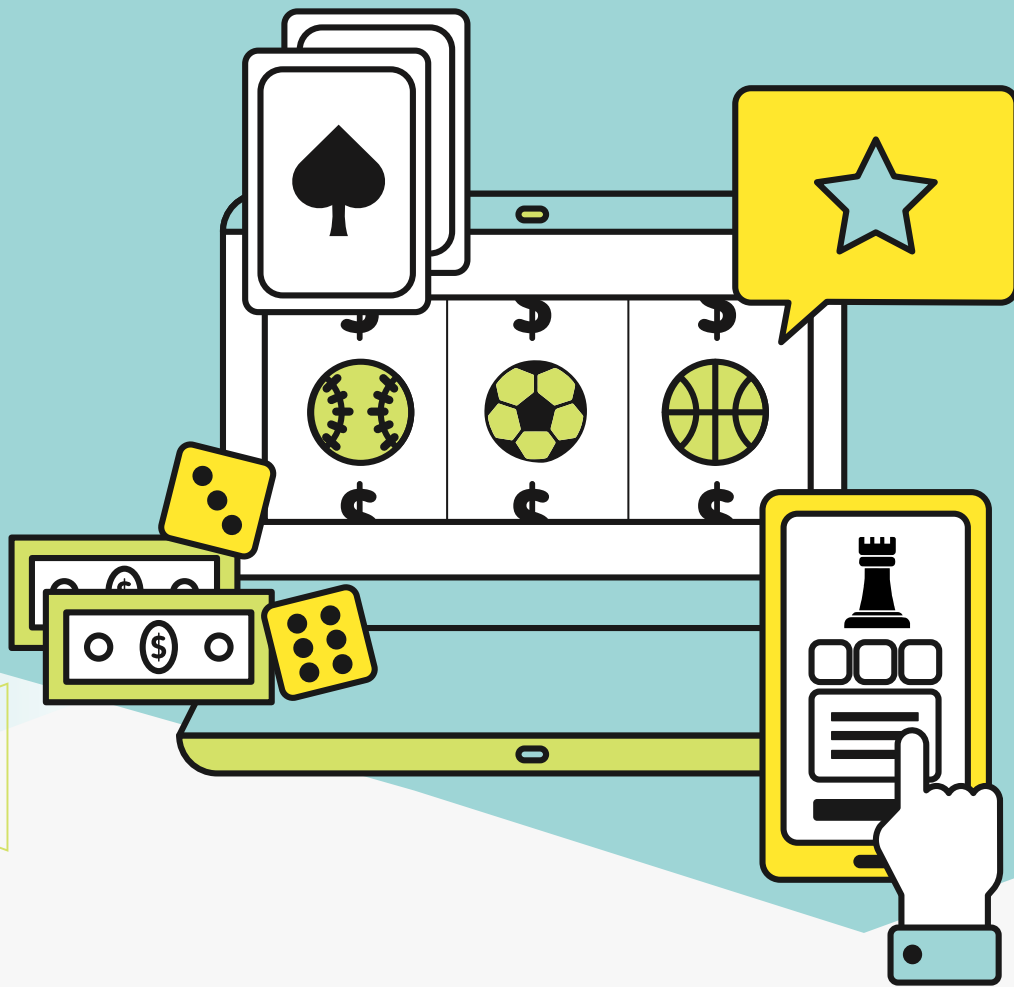


The travel industry has the highest ticket price among all the verticals included in the study. Like in other sectors, credit cards remain the dominant payment method for travel-related purchases, although they have been losing market share to alternative payment methods such as Pix, debit cards, and wallets. However, in the case of travel, this trend is also likely associated with the relatively high non-authorization rates by credit cards, which is a common characteristic of operations involving very high-ticket prices.

The offering of discounts on payments via real-time options also contributes to this trend—however, there are some significant cross-country differences. While cards are expected to maintain their dominance in the Chilean travel sector, for example, bank transfers are progressively gaining traction in Colombia. Considering the Top Six Markets as a whole, cross-border sales have currently reached 12% of online travel expenditure and are expected to increase their share to 14% in 2026.

EXAMPLES OF LEADING PLAYERS IN THE TRAVEL VERTICAL:

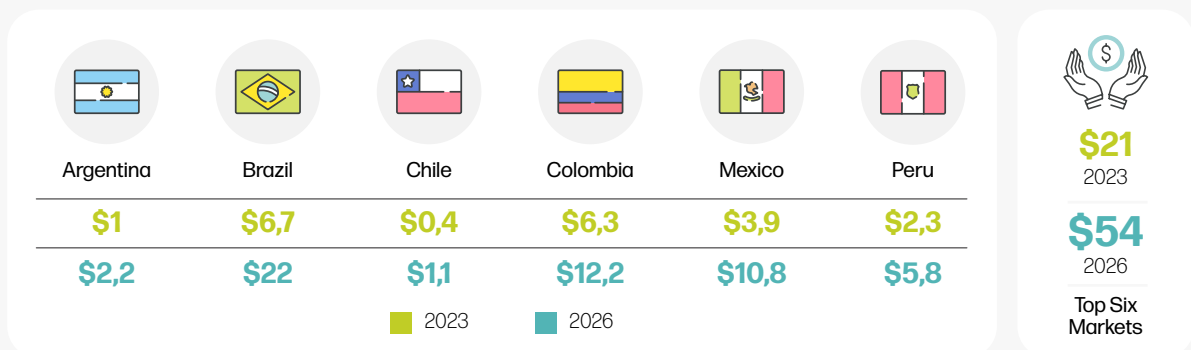




IGAMING (BETTING)

The online betting sector encompasses four segments: online casinos, sports betting, lotteries, and online gambling (poker and other games). **The fastest-growing vertical in the Top Six Markets, betting is expected to soar at a CAGR of 38% until 2026, reaching \$54 billion**, driven by a rapid expansion in Brazil—CAGR of 49%—, Mexico, and Chile—CAGR of 40% for both. Such high levels of growth reflect a substantial increase in societal acceptance of this industry, which has recently transitioned from a once-stigmatized activity into a legitimate form of entertainment that is rapidly gaining popularity regionally.

FIGURE 20. BETTING E-COMMERCE EXPENDITURE BY MARKET, 2023-2026, (US\$ BN)



This transformation was partly driven by the progressive adoption and evolution of robust regulatory frameworks for the betting sector in almost all countries within the Top Six Markets, except for Chile (at least up to now). Throughout the region, the implementation of new regulations allowed the betting vertical to definitively move out of the gray area of unregulated markets, capturing the attention of merchants and traditional Payment Service Providers (PSP) which have gradually recognized the vast opportunities within this sector. In this scenario, international merchants are now eager to explore the region's betting market; however, **it is crucial to obtain in-country expertise to ensure compliance with newly approved regulations and avoid any reputational risk** that could ensue from entering these high-risk markets without the proper knowledge.

Of course, there are important cross-country differences in how these markets have been established. Below is a brief overview of the regulatory landscape for betting in each country:

ARGENTINA

Today, online casinos, poker games, and bingos are all **authorized to operate in Argentina**, with activities related to online betting being regulated at the provincial level. The lottery is run via concessions, also granted by Argentina's provincial authorities. **Sports betting holds the largest share** of the betting market in the country, with soccer league teams frequently being sponsored by betting firms.

In 2016, Argentina's capital Buenos Aires, granted eight concession contracts to private companies operating in the online betting sector—six were signed with major global players and two with local firms, BetWarriors and Bplay by Boldt.

BRAZIL

In 2023, the **Provisional Measure (Medida Provisória, or MP) 1182/23 regulated the activities** listed in Brazil's 2018 Sports Betting Law (Law 13.756), formally bringing this legislation into effect and, as mentioned previously, granting the betting industry a license to operate in the country.

Sports betting represents the largest share of betting market in Brazil, and betting merchants are important sponsors of soccer teams. In fact, all teams

playing in the main league have a betting company as a sponsor such as Sportsbet.io for São Paulo, Pixbet for Atlético-MG, and Betano for Fluminense.

This new ruling established parameters for local payment processing, tax collection, and other aspects related to the development of the betting sector in Brazil—for instance, it specified that poker is the sole game permitted in online casinos in the country. Approved in December 2022, **Foreign Exchange Resolution 277 also established a specific classification and code for the betting sector** that can now be used in exchange contracts, further contributing to the official integration of this sector into the mainstream Brazilian economy.

In Brazil, the lottery segment is an exception within the betting vertical, as it has been regulated since the 1960s, operating within official guidelines since then. It is controlled by a state-owned entity, Loterias da Caixa.

CHILE

Sports betting is still not regulated in Chile, and there are no local betting platforms operating in the country. Online casinos are also not yet authorized to function domestically, but **many Chileans play in international casinos**. The lottery is operated as a duopoly in the country, by La Polla Chilena de Beneficencia and Lotería de Concepción.

COLOMBIA

Colombia stands out **as the market with the most mature and robust regulatory framework** for the betting sector in Latin America. The “games of chance” were **fully regulated in the country in 2015**, prompting many foreign and domestic operators to enter the local online sports betting market. The product range of online casinos in Colombia has also expanded and now includes everything from blackjack to live casinos, poker, and roulette. At the same time, with a regulatory framework dating back to 2001 (Law 643), Colombia’s lottery system has been used to generate resources for the country’s national health system and other public services.

Ultimately, Colombia’s well-developed gambling market and its solid regulations give key merchants and players in the financial industry substantial confidence to engage in all transactions involving segments of the betting sector in the country.

 **MEXICO**

A series of laws approved in 2013 in Mexico officially allowed the practice of online betting, but the sector is **still pending specific regulation**—the Gaming Regulation also establishes guidelines that could be applied to online gambling, but only indirectly. Thus, Mexico still needs to advance to ensure it has a stable and predictable legal framework for betting.

On the other hand, it must be recognized that, **albeit slowly, the country's regulatory landscape for the sector has progressed**. There is also great interest from merchants to enable betting on domestic and international soccer games, as well as on MLB, NBA, and NFL games, so these merchants will probably keep pushing for more legal guarantees.

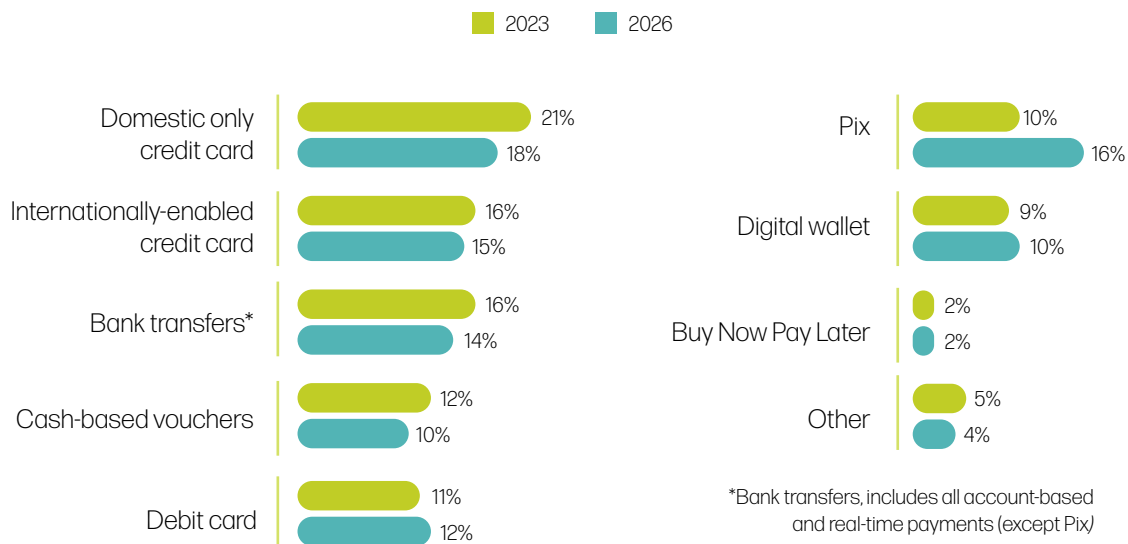
Online casinos are still in a regulatory gray area in Mexico, so many international merchants have partnered with local licensed brick-and-mortar casinos to offer online gambling options for Mexican consumers. The country's national lottery is jointly controlled by Pronósticos para la Asistencia Pública and Lotería Nacional para la Asistencia Pública (LOTENAL),

 **PERU**

Peru has a **solid legal framework for gambling activities, encompassing online sports betting**. This provides foreign and domestic companies with legal certainty to operate in the sector and also helps attract consumers. Regulatory oversight for the sector is provided by the Dirección General de Juegos de Casino y Máquinas Tragamonedas (DGJCMT, General Directorate of Casino Games and Slot Machines).

The country also has **specific regulations governing online casinos**, which are overseen by the DGJCMT as well. Finally, the national lottery, called is managed by the Lotería Nacional del Perú, an affiliated entity of the DGJCMT.

FIGURE 21. SHARE OF BETTING E-COMMERCE EXPENDITURE BY PAYMENT METHOD, 2023-2026 (%)



Payment Landscape in Betting




































Most betting transactions in Latam are processed through specialized Payment Service Providers (PSPs). Cash vouchers have been an important payment method in this industry for a long time. Now, **Pix is gaining traction**, as this payment system aligns well with the consumption patterns in betting, **meeting users' need for agility when placing bets**. In Colombia, bank transfers, especially through the PSE system, are also prominent payment methods in this vertical. Pix's growth in the betting segment has been partially spurred by obstacles encountered by other payment methods—for instance, credit cards are generally more prone to fraud attempts.

Partly because many regulatory frameworks for the betting sector are still recent and evolving, a high number of foreign merchants have chosen to enter Latam's markets through partnerships with local companies and payment providers. These partners in general have in-depth knowledge and extensive market expertise about each country in the region, enabling foreign groups not only to leverage the full potential of Latam's betting markets but also to avoid the reputational damages that could arise from non-compliance with specific aspects of these new regulations, as well as keep up-to-date with anti-fraud measures according to the profile of fraud attempts in the region.

The in-depth knowledge and extensive market expertise of local partners is fundamental to ensure compliance and up-to-date anti-fraud measures

Having a local partner also allows merchants to offer their clients **seamless local payment options, including real-time solutions**—by operating with a more effective payment processing system. Finally, a crucial advantage for the betting sector in particular is that, through an efficient payout system, it is also possible for foreign businesses to **allow their clients to collect their money quickly and easily when they win a game or a bet**, something seen as essential to ensure high rates of customer satisfaction and retention.

EXAMPLES OF LEADING PLAYERS IN THE BETTING VERTICAL:

Argentina	Brazil	Chile	Colombia	Mexico	Peru
    	         	        	      	      	    



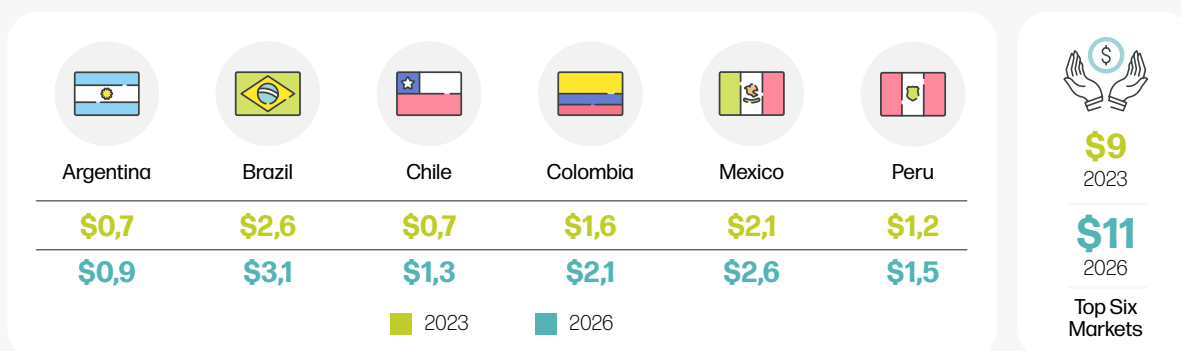


GAMING

The gaming vertical is currently a market worth \$9 billion in the Top Six Markets, and it is expected to reach \$11 billion by 2026. The country projected to have the highest growth in the sector is **Chile, with a CAGR of 23% until 2026**, while the Top Six Markets as a whole are expected to increase at an 8% CAGR in the same period.

At the same time, gaming stands out as the vertical with the highest share of cross-border transactions in Latam's e-commerce, which sheds light on the significant opportunities it presents to foreign merchants looking to explore the region's market. Currently, **cross-border operations make up 34% of online gaming sales** in the Top Six Markets, with this share expected to increase to 38% by 2026.

FIGURE 22. GAMING E-COMMERCE EXPENDITURE BY MARKET, 2023-2026, (US\$ BN)



As in other parts of the globe, **the Latin American gaming market is increasingly marked by consumers with relatively high levels of demand for quality products and services.** The reason is that the recent surge in access to technology has paved the way for a new generation of gamers that expect top-notch immersive digital experiences and have a low tolerance for any form of frustration or friction. Latam gamers are connected through online communities created via social media and place significant value on word-of-mouth recommendations; conversely, news of poor user experiences can also spread like wildfire in these communities.

The gaming market encompasses a wide variety of business models, whereby **merchants' profit by exploring various aspects of the gaming experience.** For instance, today there is an increasing number of streaming platforms selling gaming-related content, with the most popular of them being those linked to U.S. big techs such as Amazon's Twitch, Google's YouTube, and Facebook Gaming, platforms that focus on building communities and fostering interactions among users. Their monetization methods involve subscriptions, ads, brand deals, the sale of merchandise, viewers donations, and sponsorships. On Twitch, for example, users can watch gamers play live and support their favorite streamers by subscribing to their channels, making donations, or purchasing merchandise or games from their stores.

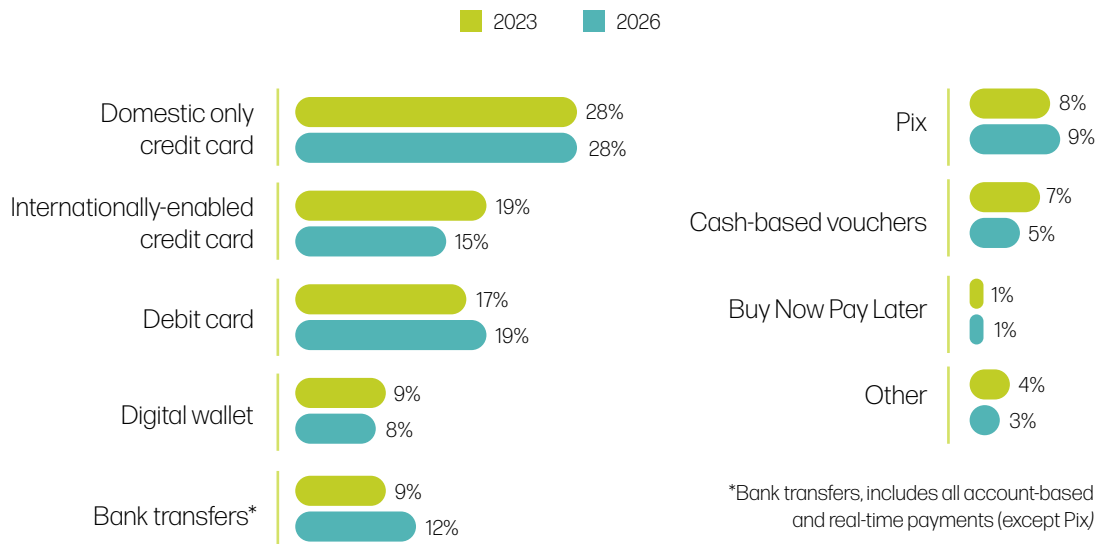
The market also includes marketplace platforms focused on selling games, like Steam; online stores from game developers, such as Nintendo, Epic Games, and Sony's PlayStation store; console stores like the Microsoft Store on Xbox; and app stores, like Google Play and Apple's App Store, where developers can directly sell their apps, or monetize their products through in-app purchases and advertisements.

To make online purchases, gamers generally use smartphones, so the mobile channel is dominant in this vertical, a trend which can be attributed to the fact that smartphones are also the preferred platform for playing games. Android devices are prevalent in Latam, being used by nine out of ten gamers, mainly due to their affordability. Credit cards stand out as the preferred payment method across the Top Six Markets, constituting 47% of e-commerce transactions in gaming. Accounting for 28% of the sector's online sales, internationally-enabled credit cards are more popular than domestic credit cards, which represent 19% of online operations.

The mobile channel is dominant in this vertical, a trend which can be attributed to the fact that smartphones are also the preferred platform for playing games

The debit cards category is expected to increase its share from 17% of online payments in gaming today to 19% in 2026, driven by the growing adoption of these cards by young adults, who get access to them through fintech companies or retailers. Cash continues to be the preferred payment method for one-sixth of all gamers, and **a growing number of them are also paying for their online purchases via Pix or bank transfers, making the instant payment solutions the fastest-growing payment method in this vertical.**

FIGURE 23. SHARE OF BETTING E-COMMERCE EXPENDITURE BY PAYMENT METHOD, 2023-2026, (%)



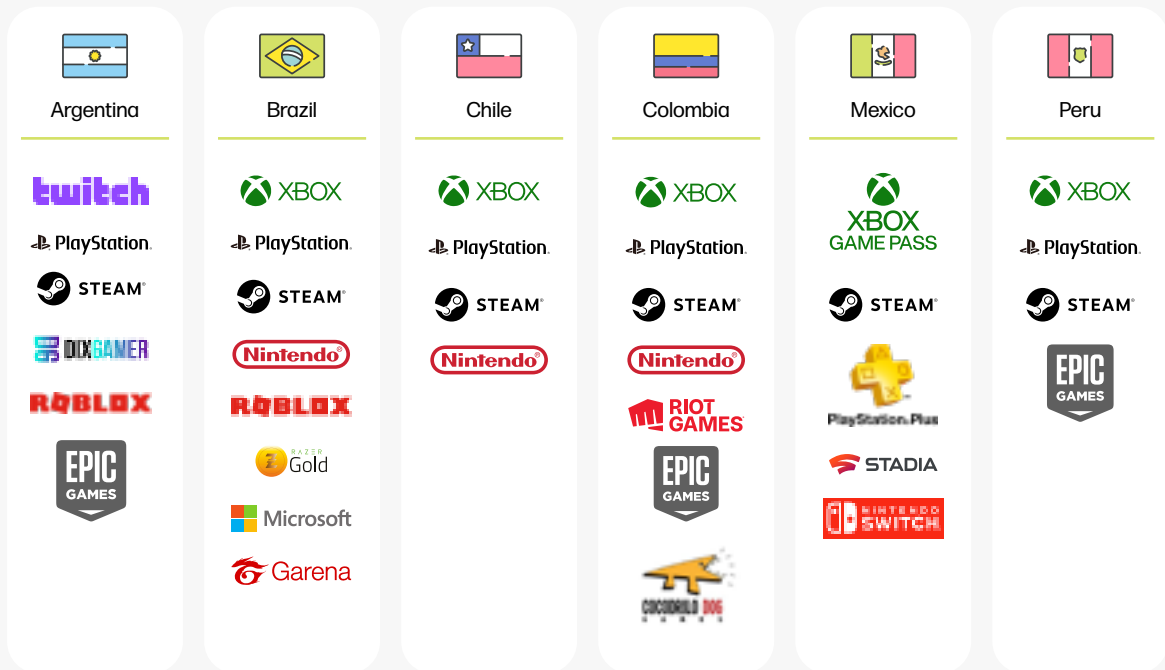
The potential of these solutions for the gaming market remains largely untapped. As mentioned in the whitepaper [“The Payment Habits of Latin American Gamers”](#) released by PagSeguro in July 2023, the adoption of Pix and similar systems is still relatively limited among gaming merchants because most of them are based overseas and lack the means to process payments locally in Latam. Yet, by offering both customers and companies the ability to conduct frictionless payments and receive immediate confirmation for their transactions, **these methods prove to be an ideal choice for the low-value, frequent transactions of the gaming vertical.**

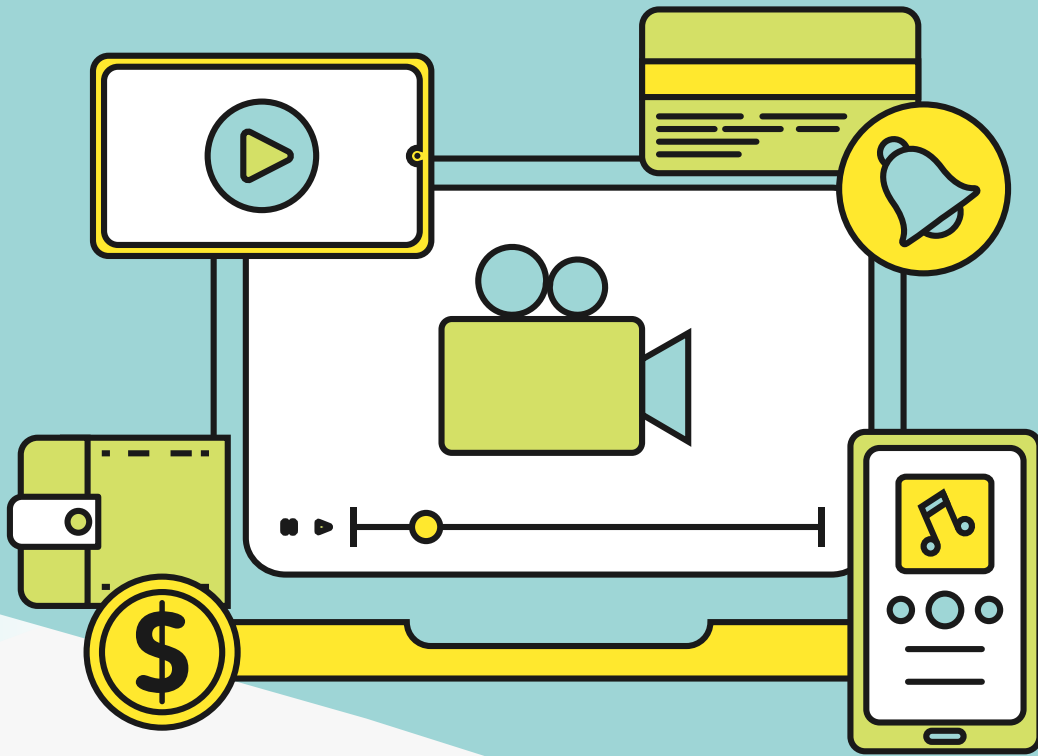
Today, the categories of bank transfers and Pix jointly account for only 17% of payments in the gaming sector, compared to a 22% share in all e-commerce operations. Even in Brazil, where Pix represents a third of all registered payment transactions, only 27% of gaming sales are made through this system—versus a 58% share held by credit cards. In Colombia, on the other hand, PSE already

represents 33% of payments in gaming and is approaching the same share as credit cards, which stands at 39%.

The limitations of relying on payment transactions processed overseas to explore Latam’s gaming markets are evident. Average authorization rates for credit card purchases on foreign websites can be as low as 30% across the region, forcing gamers to seek alternative payment methods. As a strategy to increase the approval rates, many merchants are pursuing partnerships with local payment processors, which, by processing the transactions locally, can boast payment authorization rates of 80%.

EXAMPLES OF LEADING PLAYERS IN THE GAMING VERTICAL:

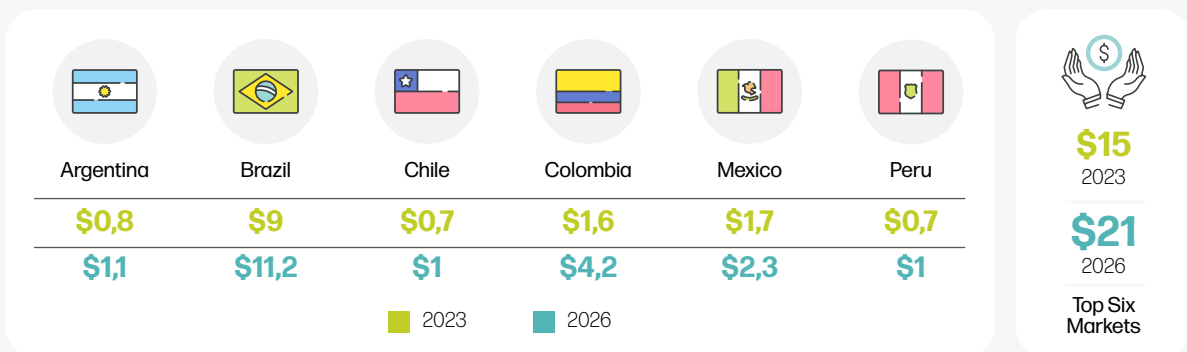




STREAMING

Streaming is a \$15 billion market in the Top Six Markets, with **Brazil concentrating 62% of this total**. The sector is expected to soar to \$21 billion by 2026, with the Brazilian share declining to 54%. **Colombia is the country where the streaming vertical is anticipated to grow the fastest** in the next three years, at a CAGR of 38%. This would push the country to outrank Mexico, becoming the second-largest market for streaming in the region. Overall, the market for streaming is expected to experience slower growth than other verticals, albeit expanding at a CAGR of 13% until 2026.

FIGURE 24. STREAMING E-COMMERCE EXPENDITURE BY MARKET, 2023-2026, (US\$ BN)



The demand for streaming services with video and audio content increased substantially in Latam amidst the Covid-19 crisis, as many Latin Americans were confined at home. Back then, the growth of the streaming sector gained momentum, reducing the market share of cable TV providers and increasing the number of new titles released directly for streaming. In the post-pandemic world, however, consumption and subscription numbers have slightly decreased, and the streaming landscape has become more competitive.

Now, several international and local players are fighting for attention in a market where consumers have limited hours in their day to dedicate to entertainment. Simultaneously, free-of-charge platforms for short videos, like TikTok and Instagram, are also gaining popularity and redefining how people engage with content, further increasing the competition for consumers' attention.

Currently, Latam's streaming market is dominated by international platforms such as Netflix and Disney, although local entities like TV Azteca in Mexico—and its Baz superapp—have also been expanding. In 2023, Netflix alone reached 42 million subscriptions in the region, up 7% on 2022 values.

Businesses from other sectors are also venturing into the streaming industry. For instance, marketplace operator Mercado Libre is selling subscriptions for streaming services and offering its users a platform aggregator service. Another interesting trend in streaming has been the emergence of ad-driven free platforms—for instance, GloboPlay, a platform linked to giant Brazilian media group Globo, makes ad-free content available exclusively for paid subscribers, while also allowing non-subscribers to access a limited amount of free-of-charge content with ads. With this model, GloboPlay had 30 million¹⁴ users by February 2023, nearly double the number of Netflix paid subscriptions in the country. Still, Netflix's total audience was around five to seven times larger than that of GloboPlay, reflecting more hours viewed in total.¹⁵

Looking into the sector's payment landscape, the cross-border segment is growing faster than domestic transactions and could constitute 25% of total operations by 2026, up from the current 21%. Credit cards currently dominate

In the post-pandemic world, streaming consumption and subscription numbers have slightly decreased, and the vertical's landscape has become more competitive

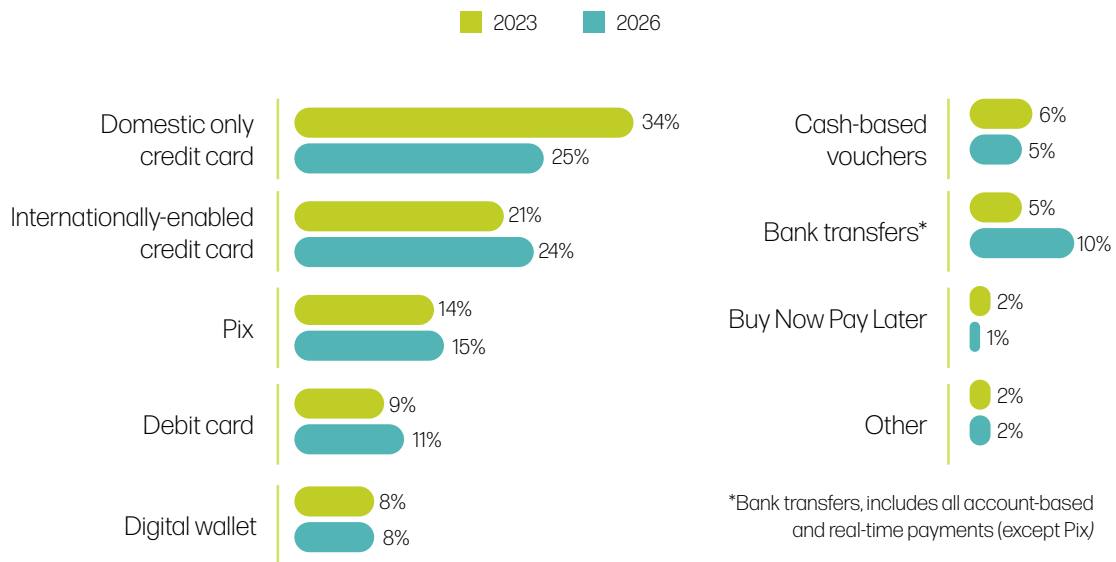
¹⁴ FlixPatrol: a global platform that gathers data about streaming.

¹⁵ Calculated by Kantar Ibope Media

the streaming sector, which seems natural for a subscription-based vertical, since **cards offer a convenient and seamless option for processing recurring payments.**

Still, this market is undergoing significant changes. Firstly, domestic-only cards are losing ground to internationally enabled cards—by 2026, both types of cards are projected to hold a very similar share of payments in this vertical, 25% for domestic cards and 24% for international ones. Additionally, **the category of bank transfers has emerged as the fastest-growing payment method in streaming,** with a 42% CAGR, primarily driven by Colombia and its PSE solution.

FIGURE 25. SHARE OF STREAMING E-COMMERCE EXPENDITURE BY PAYMENT METHOD, 2023-2026, (%)



One development that could be a game-changer for the payments landscape in streaming refers to initiatives that aim to create mechanisms whereby recurrent bills or subscription payments could be made via real-time payment solutions. For Pix, for instance, this functionality is expected to be rolled out some time in 2024. Digital wallets are also integrating with merchants to allow seamless bill and subscription payments. That is the case, for instance, of Walmart’s Cash i in Mexico, whose user base grew by over 200% in 2022.

EXAMPLES OF LEADING PLAYERS IN THE STREAMING VERTICAL:

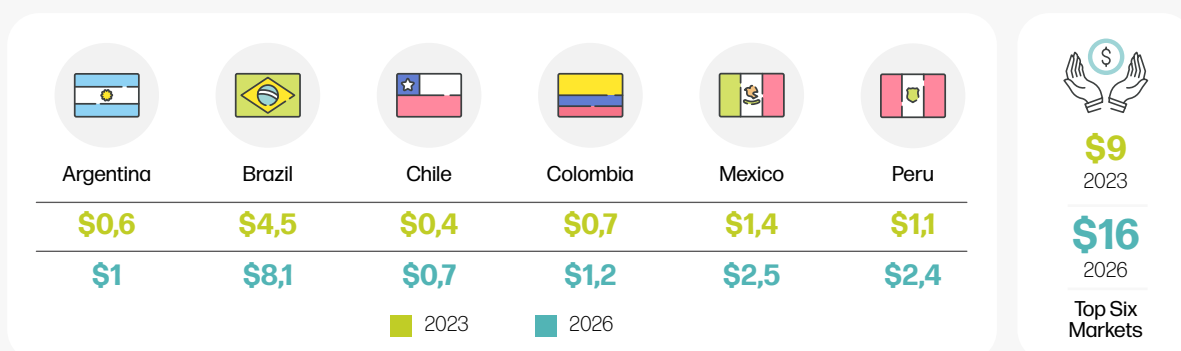




ONLINE EDUCATION

Online education represents a market of \$9 billion in the Top Six Markets and is expected to increase to \$16 billion in 2026. All six countries are anticipated to expand at similar CAGRs of around 20%, except for Peru, which is foreseen to have a 30% year-on-year growth rate—overall, the segment rises at a 22% year-on-year rate.

FIGURE 26. ONLINE EDUCATION E-COMMERCE EXPENDITURE BY MARKET, 2023-2026, (US\$ BN)

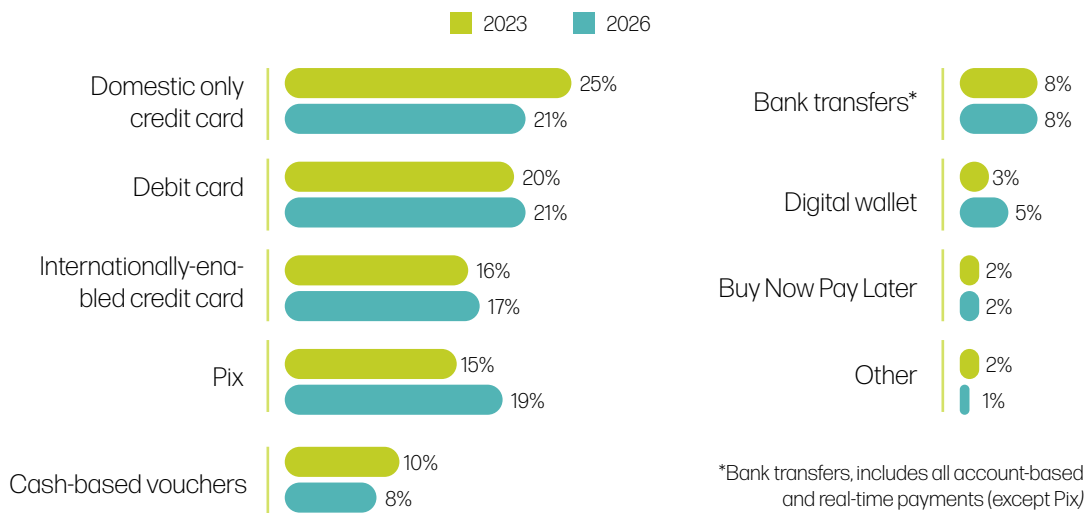


Several factors are driving the online education wave in Latam. To start with, the restrictions imposed by the pandemic on in-person education showed that **there is no limit to the nature and scope of content that can be taught online**. Private educational institutions rushed to invest in their digital capabilities, and e-learning platforms thrived.

Additionally, even government agencies and regulatory bodies that were skeptical about online education in the past embraced the opportunities represented by this sector and began to work to ensure its rapid advancement. **In Brazil, for instance, the number of online courses that received authorization to operate increased significantly** in 2022. This year, out of the 44,960 courses offered by higher education institutions, 9,186 were online courses, compared to 6,720 out of 43,102 courses in 2021.¹⁶

Finally, the emergence of new technologies, such as Artificial Intelligence (A.I.), and the rapid progress of the digital economy have also prompted many professionals to seek out online courses that can help them develop new skills, especially in the technology sector. Colombia, for example, has recently seen a substantial increase in its number of coders, with many of these workers also looking to gain expertise in A.I.

FIGURE 27. SHARE OF ONLINE EDUCATION E-COMMERCE EXPENDITURE BY PAYMENT METHOD, 2023-2026, (%)



16 Censo da Educação Superior - Instituto Nacional de Estudos e Pesquisas Educacionais (Inep)

Today, among the key industry players in online education in Latam are **e-learning platforms with a more general focus**, such as Coursera, Udemy, Blackboard, and Platzi (which can be paid in installments); niche portals like Duolingo and Coderhouse; and universities that partner with online platforms, such as Coursera, for specific programs—including Universidad de Los Andes in Colombia and Universidad Nacional Autónoma de México (UNAM) in Mexico.

Online education consumers prefer using domestic credit cards to pay for their courses and other educational services. Debit cards are the second most popular payment method in this vertical, and by 2026, they are expected to account for 21% of payments—which is projected to be the same share as domestic credit cards. This increase in debit card usage is expected to be driven mainly by Peru and Mexico, where the shares of this payment method are anticipated to grow at CAGRs of 38% and 21%, respectively, until 2026.

Another prominent payment trend in Latin America’s online education sector involves **the emergence of subscription-based models and installment plans** facilitated through credit cards and Buy Now, Pay Later (BNPL) solutions.

EXAMPLES OF LEADING PLAYERS IN THE ONLINE EDUCATION VERTICAL:





A SPECIAL CALL OUT TO THE CRYPTOCURRENCY MARKET

The cryptocurrency industry grew significantly in the Top Six Markets from 2019 to 2021. Still an immature sector in the 2010s, it evolved from being an investment option appealing only to curious and adventurous investors to one embraced by traditional institutions and financial entities.

As the volume of crypto transactions expanded, **there was a growing demand for mechanisms to stabilize this market, including regulatory frameworks**. In 2020 and 2021, pandemic-induced economic uncertainty, combined with the sector's maturation, led investors to consider cryptocurrencies as a hedge against traditional economic risks, boosting the volumes traded in this market.

In 2022, however, the crypto sector experienced a downturn after being hit by several adverse events. In May, the algorithmic stablecoin UST/TerraUSD collapsed, losing its peg to the U.S. dollar, which wiped out billions from the crypto market. 3AC, one of the world's largest crypto funds, went bankrupt in June. The following month also saw the collapse of Celsius, a major crypto lending platform.

Finally, by the end of the year, both FTX, the second-largest crypto exchange, and BlockFi, a crypto lending platform, also filed for bankruptcy.

These crises cast doubt on the stability and credibility of the crypto sector in 2022, fueling calls for market regulation. By late 2022 and early 2023, countries such as Brazil and Chile approved their regulatory frameworks for crypto. By mid-2023, the market had rebounded and was growing again, albeit at a slower pace.

Today, **five countries from the Top Six Markets rank among the world's top 35 markets for crypto:**¹⁷

Brazil holds the 7th position, Argentina the 13th, Colombia the 15th, Mexico the 28th, and Peru the 35th. The volume of cryptocurrency purchases in the Top Six Markets has reached \$42 billion, and this figure is projected to grow at a CAGR of 10% until 2026, when it will hover around \$55 billion.¹⁸

The growth of the cryptocurrency vertical in Latam has been driven by a myriad of factors. Firstly, the surge in the inflation rates across many countries of the region has led Latin Americans to explore crypto investments as a shield against currency devaluation. In addition, stablecoins¹⁹ in particular have also gained traction in some countries by serving as a way to bypass government restrictions on hard currency purchases. Their traded volumes were substantial in Argentina, for instance, where foreign exchange controls have been progressively tightened.

Cryptocurrencies have also gained popularity in Latin America as an alternative method to facilitate cross-border payments that are faster and more cost-effective than traditional remittance systems. For instance, Mexico and Colombia, with their large immigrant communities, are countries where cryptocurrency usage has significantly expanded, motivated by people's attempts to reduce the fees they pay when receiving money from relatives overseas.²⁰

Another factor driving the advancement of the crypto market in Latam involves the previously mentioned regulatory improvements, which have facilitated

By late 2022 and early 2023, countries such as Brazil and Chile approved their regulatory frameworks for crypto. By mid-2023, the market had rebounded and was growing again

¹⁷ According to the Chainalysis Geography of Crypto report, 2022.

¹⁸ Please check the definition session for the parameters on this data.

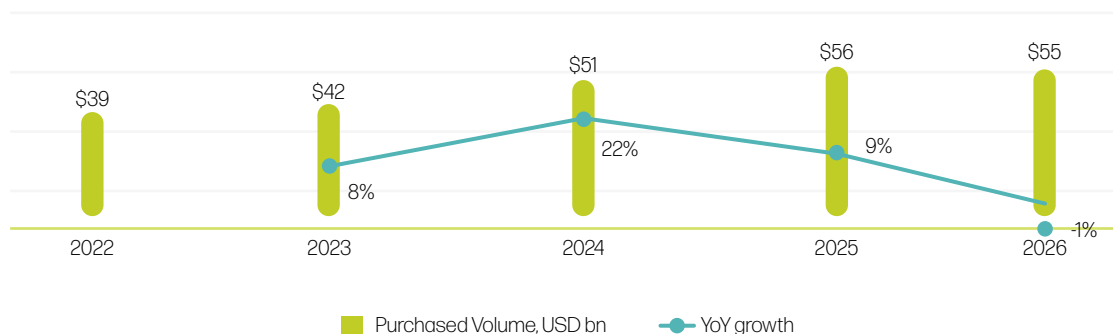
¹⁹ Cryptocurrencies whose value are pegged to an underlying asset, typically the dollar.

²⁰ Still, this study focuses on the acquisition of crypto as assets, with volumes referring only to the conversion of fiat currencies to cryptocurrencies.

the inclusion of institutional clients within the system. It is true, however, that progress in this area has been uneven across the region. For instance, **Brazil stands out today for its progressive crypto-friendly regulations**, while Argentina is imposing stringent rules that may slow down crypto adoption in the country over time.

The **growing interest in some specific crypto products** has also played a role in boosting trade volumes. Among them are the non-fungible tokens, or NFTs, a type of cryptocurrency that represents unique digital assets—like a piece of digital art—, verified using blockchain technology. NFTs are part of a broader trend also picking up steam in Latam: the expansion of tokenization, which involves converting the rights to an asset—whether digital or physical, such as real estate—into a blockchain-stored digital token that can be easily traded in a digital environment.

FIGURE 28. TOP SIX MARKETS CRYPTOCURRENCY PURCHASE VOLUME, 2022-2026, (US\$ BN) AND CAGR (%)

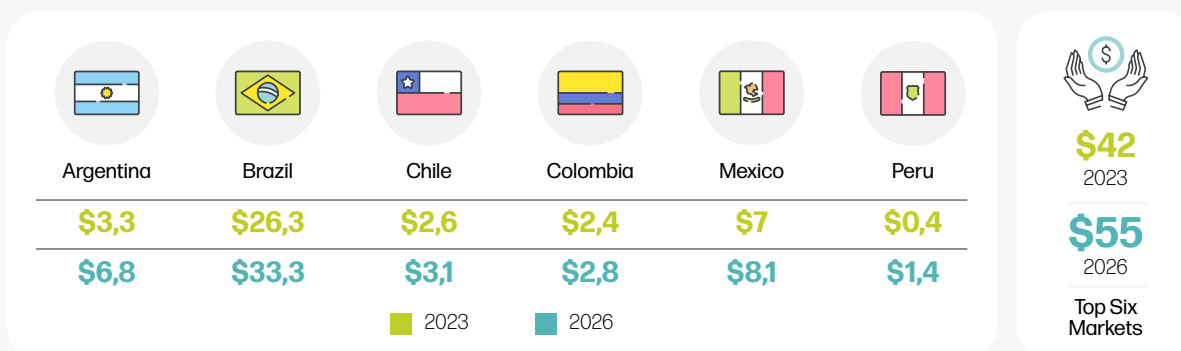


The crypto market has traditionally been volatile. Its dynamics have involved the alternation between periods of what the market jargon refers to as “bull markets,” when the value of cryptocurrencies is appreciating, and “bear markets,” when they are depreciating.

An important event involving Bitcoin, the world’s largest and most popular cryptocurrency, is expected to occur in 2024, having a major impact on the cryptocurrency’s price trajectory: the Bitcoin halving. Basically, every four years, the rewards that Bitcoin miners receive for each “block” of Bitcoin they “mine” are cut by 50% to avoid overflowing the market and provoking depreciation. The most recent Bitcoin halving occurred in May 2020, when the block reward was reduced from 12.5 bitcoins to 6.25. In 2024, the block value will be further trimmed down to 3.125—a change in supply that initially tends to increase the demand and price of Bitcoins, leading to a bull market situation.

More precisely, the cryptocurrency sector is projected to experience a 22% growth in 2024, but subsequently this expansion may be followed by a decrease in both 2025 and 2026, or a bear market. Of course, the domestic impact of these movements may vary depending on the economic landscape in each country. **In general, the more unstable the economy, the higher the impact of a cryptocurrency decline in a country.**

FIGURE 29. CRYPTOCURRENCY PURCHASE VOLUME BY MARKET, 2023-2026, US\$ BN



Today, **Brazil has the largest cryptocurrency market in the Top Six Markets, followed by Mexico, which relies heavily on cryptocurrencies for its remittances.** Argentina ranks third in the region mainly because, due to the country’s unstable economic situation and highly regulated foreign exchange market, many Argentines use cryptocurrencies to protect their savings and access the international market.

In terms of market structure, there are generally two major channels for purchasing cryptocurrencies: first, through exchanges—platforms like Bitso, where individuals can buy and sell digital currencies, paying through bank transfers, wallets, Pix, and cards—both credit and debit—; second through peer-to-peer (P2P) operations facilitated through online platforms, where individuals can pay with cash.

The preferred methods of payment for crypto in the Top Six Markets are the categories of alternative payments: Pix, bank transfers (including other instant payment solutions like PSE and TEF), and wallet transactions. These methods account for 78% of payments in the crypto vertical, while traditional credit and debit cards represent only 19%. Until 2026, cards are also expected to further lose share in the crypto sector, reaching 16% of payments, compared to an 82% share of other payment solutions.

The cryptocurrency sector is projected to experience a 22% growth in 2024, but subsequently this expansion may be followed by a decrease in both 2025 and 2026

This is partially explained by the fact that **cards have relatively high rejection rates for crypto exchanges**, as for some time, before the regulatory progresses, these transactions were considered gray market operations. Although the regulatory situation has improved considerably in most Latam markets, users have now become accustomed to real-time payment solutions, which allow for convenient and secure transactions, so they are unlikely to shift to cards.

The category of domestic transactions in cryptocurrency also encompasses purchases made via international exchanges that are processed locally, with the support of local payment processors, not only transactions facilitated by local exchanges. This explains why the share of domestic operations is not only dominant in the crypto vertical, with a 73% share, but is also growing faster than cross-border purchases.

There is a strong movement from international exchanges to either open local entities in major Latam markets—as Binance has done in Brazil—or to partner with local payment processors to offer local payment options, in line with users’ preferences—as Binance has done in Peru. Both alternatives allow the international exchanges to operate as if they were a local exchange in the eyes of the users.

Mobile is the preferred channel used in the crypto vertical, currently representing 66% of purchases. Additionally, this channel is growing at a 17% CAGR and gaining share over desktop sales, being expected to account for 81% of all cryptocurrency purchases in the Top Six Markets by 2026. This predominance of the mobile channel can be attributed to the fact that crypto purchasing platforms in general are either mobile-first or even mobile-only.

Argentina leads the mobile trend in the region, with 90% of purchases performed via mobile in the country, followed by Peru. By 2026, mobile transactions in both countries are anticipated to boast a 95% share in crypto payments.

FIGURE 30. SHARE OF CRYPTO PURCHASE BY PAYMENT METHOD, 2023-2026 (%)

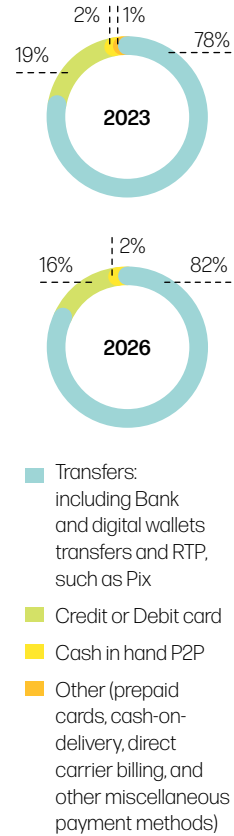


FIGURE 31. SHARE OF DOMESTIC VS. CROSS-BORDER CRYPTO PURCHASES, 2023-2026, (%)

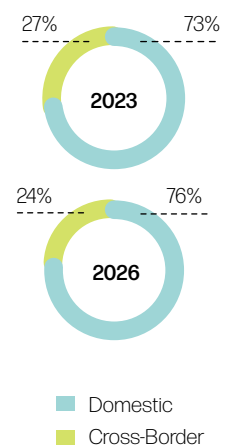
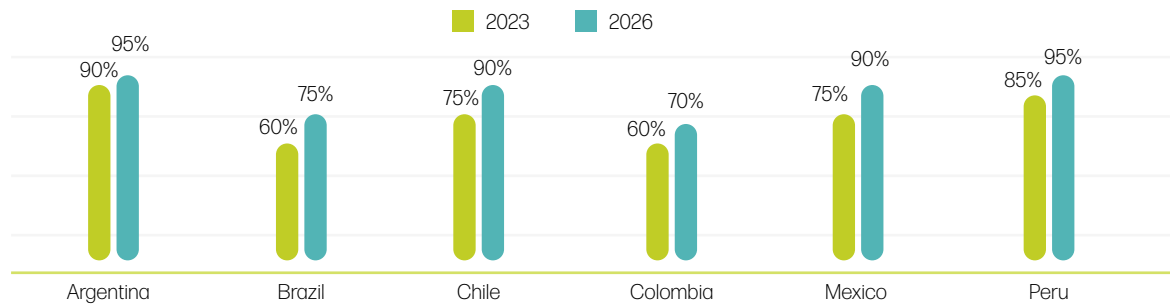


FIGURE 32. SHARE OF MOBILE FOR CRYPTO PURCHASES, 2023-2026, (%)



CRYPTOCURRENCY SNAPSHOT BY MARKET:

	AR	BR	CL	CO	MX	PE
ADOPTION % of adults	26%	19%	18%	13.6%	12%	4,7%
PURCHASE VOLUME	3.3BN 2023 6.8BN 2026	26BN 2023 33BN 2026	2.6BN 2023 3.1BN 2026	2.4BN 2023 2.8BN 2026	7BN 2023 8.1BN 2026	7BN 2023 8.1BN 2026
CROSS-BORDER SHARE	65%	14%	40%	65%	40%	70%
REGULATORY FRAMEWORK	No regulation approved	Approved	Approved	No regulation approved	Approved	No regulation approved
MAIN PAYMENT METHOD	81% Transfers* (Transferencia 3.0)	85% Pix	69% Transfers (TEF)	59% Transfers (PSE)	62% Transfers	87% Transfers
MAIN PLAYERS	Lemon, Belo, Satoshi Tango, Buenbit, Lets Bit, Ripio, Bitso, Binance	Mercado Bitcoin, Foxbit, Binance, Coinbase, Crypto.com, Novadax	Buda.com, Crypto Market	Buda.com Colombia, Crypto Market, Volabit Binance, Ripple, Bitso	Bitso, Volabit, Binance, Coinbase, Bittrex, Ripple	Agente BTC, Buda.com, Flueyz, Bitinka, Binance

*Transfers (bank, wallets and RTPs)

 **ARGENTINA**

For Argentines, using cryptocurrency is a way to bypass the government's strict restrictions on dollar purchases and safeguard their savings amidst economic instability and soaring inflation. Therefore, it is not surprising that **a quarter of the country's adult population uses cryptocurrency**. Still, Argentina's Central Bank has begun to take steps to restrict cryptocurrency usage, so the regulatory landscape remains uncertain. Bank transfers, including instant payment solutions, are the preferred payment method in this vertical in the country.

 **CRYPTOCURRENCY ADOPTION**

- **9.3 million crypto users**, or 26% of the adult population.²¹

 **DRIVERS OF CRYPTO ADOPTION**

- **To protect individuals' savings** in face of economic downturn and high inflation (98.6% in 2023).²²
- Also **used to bypass government restrictions** on dollar purchases and remittances.

 **REGULATORY LANDSCAPE**

- The Central Bank of Argentina (BCRA) wants to curb cryptocurrency usage.
- The BCRA recently banned banks from providing cryptocurrency services to their customers, claiming that crypto assets lack regulation by the appropriate national authority.

 **CRYPTO PURCHASE VOLUME**

- \$3.3 billion in 2023, expected to grow at a CAGR of 27% (the fastest pace in the Top Six Markets) to **\$6.8 billion in 2026**.
- Crypto volumes are expected to **grow 40% in 2024** and decrease 20% in 2026, due to the country's economic instability, Argentina is more sensitive to cycles of the crypto market.
- Cross-border transactions account for 65% of purchases, and this share is

²¹ CryptoSlate

²² IMF

likely to be maintained until 2026.

- International players are really interested in exploring Argentina's crypto market—yet, until a solid regulatory framework is in place, established players should not change the way they operate, keeping their transactions offshore.



PAYMENT METHODS

- Local exchanges do not accept cards for crypto purchases, **only bank transfers**, including the real-time payment solution Transferencias 3.0.
- Bank transfers account for 81% of crypto payments and are expected to **increase their share to 88% by 2026**.
- Since crypto is still in a gray area regarding regulation, some **Argentini**ans **also purchase crypto in P2P platforms** and pay in cash to avoid the formality of purchasing via exchanges.



KEY PLAYERS

- Lemon, Belo, Satoshi Tango, Buenbit, Lets Bit, Ripio, Bitso, and Binance



BRAZIL

Tech-savvy sectors of Brazil's population have embraced cryptocurrency as a means to diversify their investments—even sports organizations have joined the crypto movement in the country. **Brazil ranks seventh globally in crypto adoption and second in Non-Fungible Token (NFT) adoption**, trailing behind Thailand.²³ Regulation has recently evolved significantly in the country, with the approval of a law for the sector, which has increased the interest from global exchanges in the country. Pix is by far the preferred payment method in crypto in Brazil.



CRYPTOCURRENCY ADOPTION

- **32.3 million crypto users**, or 19% of the adult population.²⁴

²³ 2022 Chainalysis Global Crypto Adoption Index

²⁴ CryptoSlate



DRIVERS OF CRYPTO ADOPTION

- Major global exchanges such as Binance, Coinbase, and Crypto.com have prioritized the Brazilian market, offering significant opportunities in such a huge market with high levels of digitization.
- Brazilians are seeking out **alternatives for investment diversification**.
- **Local sporting organizations**, including soccer clubs like Flamengo and Cruzeiro, are **embracing cryptocurrencies and introducing “fan tokens”**; sporting icons are also venturing into the metaverse through the creation and sale of NFTs.
- Tech-savvy sectors of the population are eager to engage in the worldwide crypto movement.



REGULATORY LANDSCAPE

- The Legal Framework for Virtual Assets (Cryptoassets Act, or Law 14,478) entered into force in June 2023 establishing rules for the daily use of cryptocurrencies in financial transactions.
- This law also regulates virtual assets and the activity of service providers, categorizing digital assets as securities.
- The Brazilian Securities and Exchange Commission (CVM) has oversight over this asset class.



CRYPTO PURCHASE VOLUME

- \$26 billion in 2023, expected to grow at a CAGR of 8% and **reach \$33 billion by 2026**.
- **Domestic transactions represent 86% of the market** and are expected to increase to a 90% share by 2026.
- This is driven by the initiative of international exchanges to either establish local entities or partner with local payment processors to offer Pix and align with the preference of local crypto buyers.



PAYMENT METHODS

- **Pix is dominant**, accounting for 85% of crypto transactions.
- Brazilians tend to favor and trust local exchanges, so international players arriving in the country must be ready to deliver a local-like experience.



KEY PLAYERS

- Mercado Bitcoin, Foxbit, Binance, Coinbase, Crypto.com, and Novadax



CHILE

In Chile, cryptocurrency adoption has experienced significant growth recently, driven by changes in the regulatory landscape, including the enactment of a specific law for the sector in 2023. Today, nearly a fifth of Chile's adult population engages in cryptocurrency transactions. Chileans are increasingly turning to cryptocurrencies to protect their savings from economic instability and inflation, to diversify their investments, and as a more cost-effective alternative to traditional remittance methods. Once more, bank transfers remain the preferred payment method in this vertical.



CRYPTOCURRENCY ADOPTION

- **2.9 million crypto users**, or 18% of the adult population.²⁵
- Reached a peak in 2020, but it is again growing rapidly.



DRIVERS OF CRYPTO ADOPTION

- **To protect savings** in the face of economic instability and inflation.
- Chile's economy slowed down in 2022, impacted by high interest rates and political uncertainty—inflation was above 10% in 2022 and is currently at 7.9%.²⁶
- Chileans are exploring alternatives for **investment diversification**.
- It is a **cheaper and faster alternative** to remittances.



REGULATORY LANDSCAPE

- Crypto assets **will be regulated** by Law No. 21.521 ("Fintech Law"), enacted in January 2023, which aims to promote financial competition and inclusion in Chile; it is about to come into force, and the necessary regulations for its implementation are being drafted.

²⁵ Morning Consult

²⁶ IMF

- This law amends banking regulations by classifying crypto as a means of payment.
- The Central Bank of Chile is tasked with regulating this market to ensure crypto assets meet the minimum standards in terms of security, reliability, and acceptability.
- The Comisión para el Mercado Financiero (CMF) has oversight over crypto assets.



CRYPTO PURCHASE VOLUME

- \$2.6 billion in 2023, expected to grow to **\$3.1 billion by 2026**.
- **Domestic transactions** account for 60% of the total, a share that is not expected to change over time.



PAYMENT METHODS

- **Bank transfers**, including instant payment solutions, account for 69% of total payments.
- **Cards have a higher share (28%)** when compared to the other of the Top Six Markets.



KEY PLAYERS

- Buda.com and Crypto Market



COLOMBIA

Colombia's government has maintained **a favorable stance towards cryptocurrency**, and although the regulatory framework for the sector is not yet robust, a bill is being discussed in Congress. There is in general a favorable atmosphere for cryptocurrency in the country and adoption rates have been boosted by at least two factors.

First, economic turbulence and soaring inflation have motivated individuals to protect their savings using cryptocurrencies. Second, Colombia has received significant amounts of remittances from its expatriate population, particularly from the U.S. and Europe, and **crypto has been seen as a more efficient and cost-effective way to receive money from abroad**. Bank transfers, including

the PSE system, remain the preferred payment method for crypto transactions, although cards also account for almost a third of purchases.



CRYPTOCURRENCY ADOPTION

- **Over 5.6 million crypto users**, or 13.6% of the adult population.²⁷



DRIVERS OF CRYPTO ADOPTION:

- Crypto-friendly regulations.
- **Economic instability and high inflation** have led to the use of crypto as a means to protect savings.
- Colombia receives a significant amount of remittances from its populations living abroad, particularly in the U.S., and crypto has become a preferred method for these transfers due to its speed and low cost.
- After a successful pilot project in Mexico, Bitso has expanded its remittances service to Colombia; **banks are partnering with crypto exchanges to engage in crypto-related activities**—e.g., Buda.com Colombia with Banco de Bogotá, Binance with Davivienda, and Gemini with Bancolombia.



REGULATORY LANDSCAPE:

- Crypto assets are not yet regulated, but due to high adoption rates, the Colombian government has shifted to a more favorable stance toward the sector.
- It approved a regulatory sandbox and presented a bill in parliament, inspired by Brazil's regulations, to establish a framework for digital platforms operating in the crypto sector in Colombia.



CRYPTO PURCHASE VOLUME

- \$2.4 billion in 2023, expected to reach **\$2.8 billion by 2026**.
- Currently, cross-border transactions represent 65% of the market in Colombia, but this share is expected to fall to 50% by 2026, with domestic operations accounting for the other 50%.
- This change would be driven by the approval of a regulatory framework, which could **boost the presence of local banks in the crypto market**, spurring domestic purchases.

²⁷ Belncrypto



PAYMENT METHODS

- **Bank transfers** (a category encompassing the PSE) represent 59% of all crypto payments in 2023 and will keep growing faster than cards, reaching a 65% share by 2026.
- Like in Chile, **cards also have a high share of payments (29%)**.



KEY PLAYERS

- Buda.com Colombia, Crypto Market, Volabit Binance, Ripple, and Bitso.



MEXICO

Remittances have contributed to foster the adoption of cryptocurrencies in Mexico and, recently, the country has made significant progress, moving from the 44th to the 28th position in Chainalysis' Global Crypto Adoption Index 2022.

Mexico boasts a robust regulatory framework for the sector, formally recognizing cryptocurrencies as digital assets, which allows them to be used for payments and transactions.

However, in 2022, the end of a partnership between the convenience store Oxxo and crypto exchanges, which facilitated cash payments for crypto purchases, has led to a decline in the usage of this payment method. Bank transfers have become the predominant system of payment for crypto in the country.



CRYPTOCURRENCY ADOPTION

- **12 million crypto users**, or 12% of the adult population.²⁸
- Moved from the 44th to the 28th position in Chainalysis' Global Crypto Adoption Index 2022, a significant progress.



DRIVERS OF CRYPTO ADOPTION

- Remittances play a crucial role in boosting crypto adoption and the opportunities in this sector in Mexico. The country is the world's second-largest destination for remittances, having received \$61.1 billion in 2022.²⁹

²⁸ Expansion.mx

²⁹ World Bank

- Bitso, a Mexican cryptocurrency exchange, was Latam's first crypto unicorn. It has grown by capturing crypto remittances from the U.S. to Mexico and currently serves **6 million clients**.³⁰
- Ripple, a global cryptocurrency and blockchain company, is actively targeting the Mexican market, having established a payment rail connecting the European Union to the country.



REGULATORY LANDSCAPE

- Mexico's Fintech Law provides regulatory guidelines for electronic payments, crowdfunding, and digital assets—**cryptocurrencies are officially recognized as digital assets in the country**, which gives them legitimacy as a means of payment and transactions.
- Banxico, Mexico's Central Bank, has established the conditions that financial institutions need to follow to carry out transactions with virtual assets (Rule 4/2019).
- The Mexican government plans to launch a Central Bank Digital Currency (CBDC) by 2024, following the footsteps of Brazil and Peru.



CRYPTO PURCHASE VOLUME

- \$7 billion in 2023, projected to grow to **\$8.1 billion by 2026 (5% CAGR)**.
- Domestic purchases account for 60% of the market and are expected to maintain their dominance, reaching a 75% share by 2026. This is not only because Mexico has a strong local player, Bitso, but also international players either have a local entity or partner with local providers to offer solutions tailored to the Mexican market.



PAYMENT METHODS

- Convenience store chain Oxxo had a partnership with crypto exchanges that involved accepting cash for crypto purchases. In 2022, 20% of the purchases occurred within this arrangement, but the partnership ended in late 2022, reducing the amount of cash payments in crypto.
- By 2023, cash accounted for only 5% of transactions, and it is expected to further decrease to less than 2% by 2026.
- Conversely, the share of bank transfers grew from 52%, in 2022, to 62%, in 2023, and it is expected to **reach 67% of payments by 2026**.

³⁰ Fintech.com

- Banxico recently launched DiMo (Dinero Movil) a real-time payment solution similar to Pix and it is expected to gain traction. Another Mexican instant payment system, Cobro Digital (CoDi), failed to gain widespread acceptance.



KEY PLAYERS

- Bitso, Volabit, Binance, Coinbase, Bittrex, and Ripple.



PERU

Peru has the lowest rate of crypto adoption in the Top Six Markets—this is partly due to the absence of specific regulations in the country, although a bill for the sector is currently being discussed in Congress. If these regulations do come into effect, Peru has the potential to become Latam's fastest-growing crypto market.

In the meantime, regulatory bodies have issued warnings about the risks associated with crypto assets. Bank transfers account for almost nine out of every ten transactions in cryptocurrency in the country.



CRYPTOCURRENCY ADOPTION

- **1.2 million crypto users**, or 4.7% of the adult population.³¹



DRIVERS OF CRYPTO ADOPTION

- Economic uncertainty and inflation (which hovered around 8% in 2022).



REGULATORY LANDSCAPE

- Currently, Peru lacks specific regulations for crypto assets.
- The Central Reserve Bank of Peru (BCRP), the regulatory body for capital markets (SMV), and the institution regulating financial entities (SBS) have also issued statements addressing the risks of acquiring crypto assets in the country.
- A proposed crypto bill (No 1042/2021-CR, or Framework Law for the Commercialization of Crypto Assets) aims to regulate companies offering digital assets and cryptocurrency services via technological platforms.

- It grants Bitcoin the status of an “asset with accounting value” and places the primary responsibility on investors for their actions when dealing with digital assets. The bill proposes the establishment of a public registry for crypto service providers and mandates the reporting of all suspicious operations to the Financial Intelligence Unit.



CRYPTO PURCHASE VOLUME

- \$400 million in 2023, expected to increase to **\$1.4 billion by 2026 (51% CAGR)**.
- It is **expected to be the fastest-growing market for crypto in the Top Six Markets**, assuming that the regulatory framework will be implemented, boosting adoption.
- Currently, 70% of crypto purchases are cross-border but the domestic share is projected to reach 45% by 2026. This is because, with the approval of a regulatory framework, more players will likely join the market in partnership with local payment providers, and local players will grow.



PAYMENT METHODS

- **Bank transfers are dominant**, accounting for 87% of payments.
- Domestic purchases, currently at 35%, are projected to rise to 45% by 2026 due to the expected approval of local regulations, which could strengthen local players and enable new entrants to join the market and operate with the support of local payment processors.



KEY PLAYERS

- Agente BTC, Buda.com, Flueyz, Bitinka, and Binance.

FINAL THOUGHTS

Although Latin America's digital transformation was already underway when the pandemic started, the further acceleration of e-commerce growth during the Covid-19 crisis attracted significant interest from international merchants. Companies expanding overseas turned their eyes to the region, trying to understand how sustainable this trend would be. In the post-pandemic era, it has become clear that not only will Latin America's e-commerce continue to expand vigorously, but also a series of structural transformations are reshaping the preferences and behavior of its customers, **prompting the advancement of local regulations for non-traditional online sectors, and opening new avenues of growth.**

As highlighted in this report, Latin America's e-commerce currently boasts a market value of \$479 billion and is expected to grow to an astounding \$870 billion by 2026, more than the entire GDP of high-income countries like Sweden, Norway, Belgium, or Switzerland.³² **Cross-border transactions are growing faster than domestic ones and are anticipated to more than double by 2026, reaching \$114.6 billion.**

As Latin Americans embrace the digital world, they are also changing their expectations regarding several aspects of the online shopping experience, including payment practices. With the progress of this process, **a vast array of business opportunities is being created and now can be harnessed by international merchants who are either already prepared to navigate Latam's complex business environment or open to establishing local partnerships to advance this endeavor.**

Many of these new opportunities lie within Latam's e-retail market, which is growing more than any other region in the world. The cross-border share of Latam's e-retail is soaring in all the Top Six Markets, except for Argentina, reflecting the fact that foreign products are seen as aspirational or offer good value for money in the perception of local consumers. In addition, many international merchants are targeting Latam as the new promising frontier to be explored in their global expansion strategies— which has helped to boost cross-border trade.

Many international companies are also encountering enormous opportunities in the trading of digital products, a category that encompasses betting,

International merchants are targeting Latam as the new promising frontier to be explored in their global expansion strategies

streaming, gaming, and online education, where cross-border transactions are expected to grow 23% YoY to 2026. In these sectors, merchants are not dependent on the region's challenging logistical infrastructure to deliver their products. **Particularly in betting and gaming, the relatively small scale of local competition also puts foreign groups in a privileged position.**

In terms of growth potential, the leading digital sector in Latam today is betting, which is expected to soar at 38% year-on-year until 2026, driven by the adoption of regulatory frameworks across the region and the heightened level of legal certainty for endeavors in countries like Colombia and Brazil. In streaming, although the level of competition within Latin America is increasing fast, there are also significant opportunities yet to be seized—Colombia's market, for instance, is projected to nearly triple by 2026. Meanwhile, after recovering from the impacts of the pandemic, the online travel sector is also projected to reach \$96 billion by 2026, with cross-border transactions accounting for 14% of this total.

Another sector currently experiencing a watershed moment in Latam is cryptocurrency, especially with the approval of regulatory frameworks in countries like Brazil and Mexico. **In a region historically marked by economic instability, rampant inflation, and low levels of trust in local currencies, it is not difficult to understand why cryptocurrencies are flourishing** with a value proposition that involves providing users with globally accepted assets. Also considering the potential of cryptocurrencies to disrupt the remittances market across Latam, it is easy to see the major potential of this sector in the region.

Once international merchants have understood the exact dimensions of Latin America's market potential within their sectors and defined the specific geographies they want to explore—a country or a group of countries—they need to work on a strategy to successfully expand to these markets. Below are the top three aspects regarding payments that any merchant coming to Latam should consider:

1 IT IS ESSENTIAL TO OFFER CLIENTS ACCOUNT-BASED PAYMENT SOLUTIONS

In terms of payment practices, the biggest news in Latam is the massive adoption of account-to-account instant payment solutions, such as Pix and PSE, so merchants need to incorporate these methods of payment in their e-commerce platforms to make sure they will not lose selling opportunities.

More than a new trend, the growth of account-based real-time payments is, in fact, a major paradigm shift that is likely to radically transform the entire

payments industry in the region in just a few years. It **is a fully-fledged digital disruption process**, and traditional card operators are already rushing to understand how to adapt to this new reality, trying to ensure that the cards' value proposition remains clear for customers and merchants in Latam and abroad.

An instant success in Brazil, **Pix has also become a regional trailblazer**—and it is easy to understand why. Free of charge for individual users, Pix is also the lowest-cost option for merchants, who don't need to worry about high rejection rates—after all, payment approval is instantaneous—or commercial disputes with card issuers.

Three years after Pix was introduced, the rest of Latin America is clearly either already following the same steps, like Colombia and its PSE, or preparing to do so, like Mexico and its DiMo (Dinero Móvil), a mobile-friendly real-time payment scheme that uses the payment rails of SPEI, a local interbank electronic system. Additionally, **the region has also seen the development of initiatives aiming to combine real-time payment solutions with systems allowing payments in installments or recurrent payments, such as bills and subscriptions**. If these initiatives thrive, they are likely to attract even more clients to real-time payment options, a possibility that seems to reinforce the idea that instant payments are the future of e-commerce in Latam—so any successful strategy for the region must be in line with this trend.

② IDEALLY, A MULTI-RAIL PAYMENT PLATFORM SHOULD ALSO BE PROVIDED

At the same time, however, cards remain the dominant payment method for online trade in Latin America and are expected to keep their dominance in the short and medium terms. Internationally-enabled cards, in particular, are expected to grow their share in payments to 23% in 2026, reflecting the increased engagement of foreign merchants in the region. The conclusion is that **despite the growth of alternative payment options such as real-time payments and wallets, being able to accept cards is also essential for a merchant entering Latam's markets**, as each payment method will settle into the respective use case. That is why the ideal solution to fully tap into Latin America's e-commerce potential today is to offer consumers platforms featuring multiple payment options.

As local consumers seek more convenience and speed in their online purchases, not offering them multiple payment options puts international merchants at risk of limiting their growth potential in Latin America, by catering only to the portion of the population with internationally-enabled cards. They could also miss out on selling opportunities due to the high rejection rates of cards in certain sectors.

3 THE IMPORTANCE OF LOCAL KNOWLEDGE AND THE OFFERING OF A LOCAL-LIKE EXPERIENCE

Merchants can achieve this multifaceted payment infrastructure through two approaches. The first one is to open local entities to establish a presence in different countries across Latin America. The second, to establish partnerships with local payment providers that can help them provide seamless local-like shopping experiences in the region's most relevant markets—and without all the bureaucracy burden, costs, and time needed to become a local entity.

Partnering with local payment processors is a way to build payment infrastructures that ensure all selling opportunities are being seized. Additionally, **local partners help international groups navigate the complex regulatory and business environments in various countries of the region**, which—given their cumbersome bureaucracy, complex tax systems, and evolving consumer preferences—is also key to achieving success in Latam.

In Latin America's new era of smart shopping, the e-commerce wave will keep on gaining scale and speed. Yet, this is definitely not an easy market to navigate—and international merchants expanding their horizons to the region should not lose sight of the essentials. Adapting to local consumers' preferences is a must; keeping an eye on what local and global competitors are offering in each market is equally important. Finally, understanding the new and evolving regulations is also one of the challenges that they need to be prepared to tackle.

By **taking advantage of the expertise of local partners, adapting to the nuances of each market, and being able to offer multiple payment options**—including the increasingly popular local real-time payment solutions—**international companies can thrive amidst the challenges and complexities of Latam**, ensuring a successful presence in the region's vibrant and promising digital economy space.

By taking advantage of the expertise of local partners, adapting to the nuances of each market, and being able to offer multiple payment options, international companies can thrive amidst the challenges and complexities of Latam



VERTICAL SNAPSHOTS



RETAIL

MARKET VOLUME



\$ 258 billion
Total volume in Latam's Top Six Markets in 2023



\$ 454 billion
Expected total volume in 2026



21%
CAGR until 2026

VOLUME PER COUNTRY, US\$ (BN)

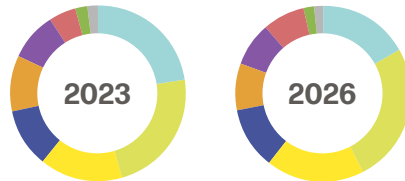
2023 2026

Country	2023	2026
Argentina	\$17	\$18
Brazil	\$129	\$212
Chile	\$23	\$34
Colombia	\$24	\$53
Mexico	\$51	\$119
Peru	\$14	\$18

PAYMENTS AND CROSS-BORDER LANDSCAPE



MOST USED PAYMENT METHODS



Method	2023	2026
Domestic-only credit card	23%	17% ↓
Internationally-enabled credit card	23%	26% ↑
Pix	15%	18% ↑
Debit card	11%	11%
Cash-based vouchers	10%	9% ↓
Digital Wallets	9%	8% ↓
Bank transfers*	5%	8% ↑
Other	2%	2%
BNPL	2%	2%

*Bank transfers, includes all account-based real-time payments (except Pix)



CROSS-BORDER PENETRATION

X-border share and volume in the total market

2023
12%
\$31 BN

2026
15% ↑
\$68 BN

TRAVEL

MARKET VOLUME

\$ 62 billion
Total volume in Latam's Top Six Markets in 2023

\$ 96 billion
Expected total volume in 2026

16%
CAGR until 2026

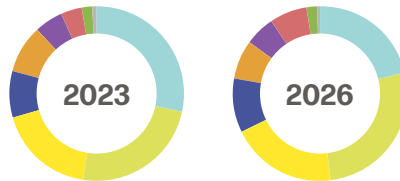
VOLUME PER COUNTRY, US\$ (BN)

	2023	2026
Argentina	\$3	\$5
Brazil	\$37	\$49
Chile	\$5	\$7
Colombia	\$5	\$10
Mexico	\$11	\$22
Peru	\$2	\$3

PAYMENTS AND CROSS-BORDER LANDSCAPE



MOST USED PAYMENT METHODS



Method	2023	2026
Domestic-only credit card	28%	21% ↓
Internationally-enabled credit card	24%	27% ↑
Pix	18%	20% ↑
Debit card	9%	10% ↑
Cash-based vouchers	9%	7% ↓
Digital Wallets	5%	6% ↑
Bank transfers*	4%	7% ↑
Other	1%	1%
BNPL	2%	2%

*Bank transfers, includes all account-based real-time payments (except Pix)



CROSS-BORDER PENETRATION

X-border share and volume in the total market

2023
12%
\$7.4 BN

2026
14% ↑
\$13.4 BN

IGAMING (BETTING)

MARKET VOLUME



\$ 21 billion
Total volume in Latam's Top Six Markets in 2023



\$ 54 billion
Expected total volume in 2026



38%
CAGR until 2026

VOLUME PER COUNTRY, US\$ (BN)

2023 2026



Argentina

\$1

\$2.2



Brazil

\$6.7

\$22



Chile

\$0.4

\$1.1



Colombia

\$6.3

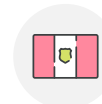
\$12.2



Mexico

\$3.9

\$10.8



Peru

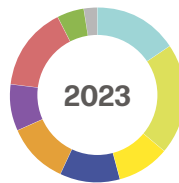
\$2.3

\$5.8

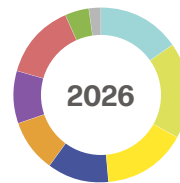
PAYMENTS AND CROSS-BORDER LANDSCAPE



MOST USED PAYMENT METHODS



2023



2026

Domestic-only credit card	16%	15%	↓
Internationally-enabled credit card	21%	18%	↓
Pix	10%	16%	↑
Debit card	11%	12%	↑
Cash-based vouchers	12%	10%	↓
Digital Wallets	9%	10%	↑
Bank transfers*	16%	14%	↓
Other	5%	4%	↓
BNPL	2%	2%	

*Bank transfers, includes all account-based real-time payments (except Pix)



CROSS-BORDER PENETRATION

X-border share and volume in the total market

2023

11%
\$2.3 BN

2026

11%
\$6 BN

GAMING

MARKET VOLUME

\$ 9 billion
Total volume in Latam's Top Six Markets in 2023

\$ 11 billion
Expected total volume in 2026

8%
CAGR until 2026

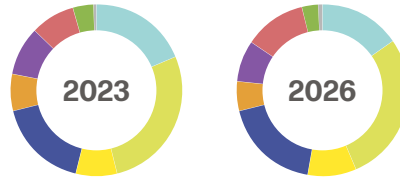
VOLUME PER COUNTRY, US\$ (BN)

	2023	2026
Argentina	\$0.7	\$0.9
Brazil	\$2.6	\$3.1
Chile	\$0.7	\$1.3
Colombia	\$1.6	\$2.1
Mexico	\$2.1	\$2.6
Peru	\$1.2	\$1.5

PAYMENTS AND CROSS-BORDER LANDSCAPE



MOST USED PAYMENT METHODS



Method	2023	2026
Domestic-only credit card	19%	15% ↓
Internationally-enabled credit card	28%	28%
Pix	8%	9% ↑
Debit card	17%	19% ↑
Cash-based vouchers	7%	5% ↓
Digital Wallets	9%	8% ↓
Bank transfers*	9%	12% ↑
Other	4%	3% ↓
BNPL	1%	1%

*Bank transfers, includes all account-based real-time payments (except Pix)



CROSS-BORDER PENETRATION

X-border share and volume in the total market

2023
34%
\$3.06 BN

2026
38% ↑
\$4.2 BN



STREAMING

MARKET VOLUME



\$ 15 billion
Total volume in Latam's Top Six Markets in 2023



\$ 21 billion
Expected total volume in 2026



13%
CAGR until 2026

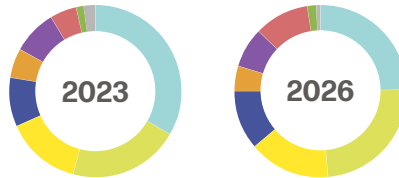
VOLUME PER COUNTRY, US\$ (BN)

	2023	2026
Argentina	\$0.8	\$1.1
Brazil	\$9	\$11.2
Chile	\$0.7	\$1.0
Colombia	\$1.6	\$4.2
Mexico	\$1.7	\$2.3
Peru	\$0.7	\$1.0

PAYMENTS AND CROSS-BORDER LANDSCAPE



MOST USED PAYMENT METHODS



Method	2023	2026
Domestic-only credit card	34%	25% ↓
Internationally-enabled credit card	21%	24% ↑
Pix	14%	15% ↑
Debit card	9%	11% ↑
Cash-based vouchers	6%	5% ↓
Digital Wallets	8%	8%
Bank transfers*	5%	10% ↑
Other	2%	2%
BNPL	2%	1% ↓

*Bank transfers, includes all account-based real-time payments (except Pix)



CROSS-BORDER PENETRATION

X-border share and volume in the total market

2023
21%
\$3.5 BN

2026
25% ↑
\$5.2 BN

ONLINE EDUCATION

MARKET VOLUME

\$ 9 billion
Total volume in Latam's Top Six Markets in 2023

\$ 16 billion
Expected total volume in 2026

22%
CAGR until 2026

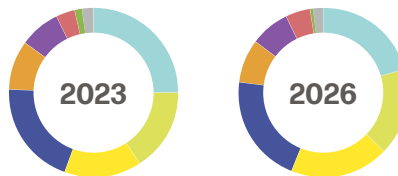
VOLUME PER COUNTRY, US\$ (BN)

	2023	2026
Argentina	\$0.6	\$1
Brazil	\$4.5	\$8.1
Chile	\$0.4	\$0.7
Colombia	\$0.7	\$1.2
Mexico	\$1.4	\$2.5
Peru	\$1.1	\$2.4

PAYMENTS AND CROSS-BORDER LANDSCAPE



MOST USED PAYMENT METHODS



Method	2023	2026
Domestic-only credit card	25%	21% ↓
Internationally-enabled credit card	16%	17% ↑
Pix	15%	19% ↑
Debit card	20%	21% ↑
Cash-based vouchers	10%	8% ↓
Digital Wallets	8%	8%
Bank transfers*	3%	5% ↑
Other	2%	1% ↓
BNPL	2%	2%

*Bank transfers, includes all account-based real-time payments (except Pix)



CROSS-BORDER PENETRATION

X-border share and volume in the total market

2023
9%
\$800 M

2026
10% ↑
\$1.6 BN

CRYPTOCURRENCY

MARKET VOLUME

\$ 42 billion
Total volume in Latam's Top Six Markets in 2023

\$ 55 billion
Expected total volume in 2026

10%
CAGR until 2026

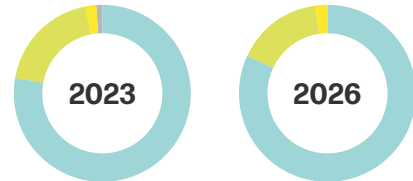
VOLUME PER COUNTRY, US\$ (BN)

	2023	2026
Argentina	\$3.3	\$6.8
Brazil	\$26.3	\$33.3
Chile	\$2.6	\$3.1
Colombia	\$2.4	\$2.8
Mexico	\$7	\$8.1
Peru	\$2	\$3

PAYMENTS AND CROSS-BORDER LANDSCAPE



SHARE OF CRYPTO PURCHASE BY PAYMENT METHOD



Payment Method	2023	2026
Transfers: including Bank and digital wallets transfers and RTP, such as Pix	78%	82% ↑
Credit or Debit card	19%	16% ↓
Cash in hand P2P	2%	2%
Other (prepaid cards, cash-on-delivery, direct carrier billing, and other miscellaneous payment methods).	1%	0% ↓



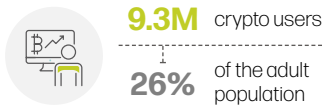
CROSS-BORDER PENETRATION
X-border share and volume in the total market

2023
73%
\$30.6 BN

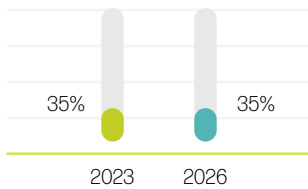
2026
76%
\$41.8 BN

CRYPTO ADOPTION BY COUNTRY


ARGENTINA

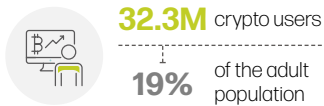


Share of cross-border crypto volume

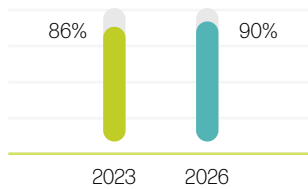


Total volume	Cross-border volume
\$6.8BN 2023	\$1.15BN 2023
\$3.3BN 2026	\$2.4BN 2026


BRAZIL

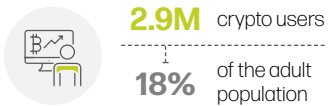


Share of cross-border crypto volume

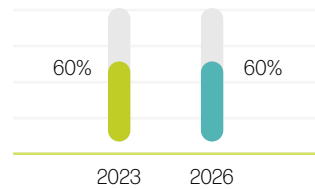


Total volume	Cross-border volume
\$26BN 2023	\$22.4BN 2023
\$33BN 2026	\$29.7BN 2026


CHILE

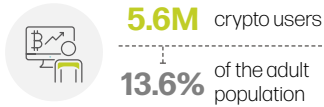


Share of cross-border crypto volume

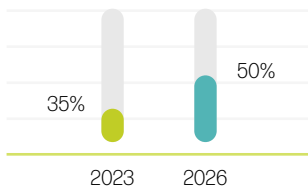


Total volume	Cross-border volume
\$2.6BN 2023	\$1.5BN 2023
\$3.1BN 2026	\$1.8BN 2026


COLOMBIA

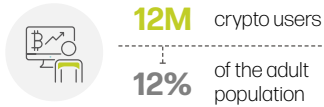


Share of cross-border crypto volume

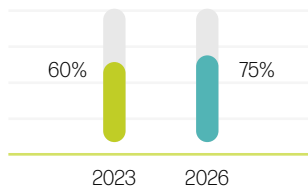


Total volume	Cross-border volume
\$2.4BN 2023	\$840M 2023
\$2.8BN 2026	\$1.4BN 2026


MEXICO

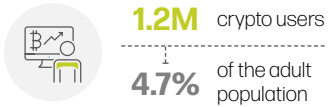


Share of cross-border crypto volume

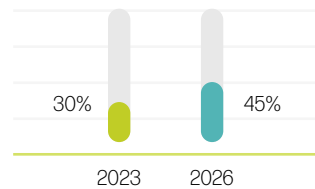


Total volume	Cross-border volume
\$7BN 2023	\$4.2BN 2023
\$8.1BN 2026	\$6BN 2026


PERU



Share of cross-border crypto volume



Total volume	Cross-border volume
\$400M 2023	\$120M 2023
\$1.4BN 2026	\$620M 2026

MESSAGE FROM PAGSEGURO

After the Covid-19 pandemic cemented the digital revolution in Latin America, the scenario changed from one of rocket-fast growth to one filled with experienced e-shoppers, heavy competition, and space for new verticals to rise. That is why, after diving into the e-commerce and payments landscape of each of Latam's Top Six Markets in our 2022 white paper "The Digital Renaissance of Latin America", here we looked closely at its main verticals from today and for the next few years.

From Latin America's fastest-growing vertical, betting, to its usual greatest segment, retail, we have dived into each of the region's most relevant industries with the goal of helping you access the rising Latam market and **make the most of its opportunities for global merchants**—or strengthen and fast-track your strategies in the region, if you're already selling there.

After all, one of the most important aspects of a cross-border business strategy is **understanding the local industry, its customers**, their habits, the growth prospects of the vertical in the region, **and how to unlock the region's trends**, unexplored spaces, and more. Data is key for all that, so we are very proud to once again be able to share our almost 2 decades of expertise in Latin America and local payments through this white paper, our fourth one overall.

The new focus on verticals rather than countries reflects the current state of the Latin American market, and allows us to show the different aspects that make up the needs and priorities of each industry. For example, with Pix being the highest-growing payment method for retail and betting—the latter more innovative by nature, and the former having undergone a major digitization process —, **instant payment methods have established themselves as the most relevant method for the coming years in the region**; in fact, even with other countries running to catch up, we've shown that Pix already represents 17% of all online sales in Latin America, even if it's only accepted in Brazil, and became the standard for instant payment systems around the world.

Meanwhile, **anti-fraud measures are more fundamental than ever** as high-risk segments rise in Latin America, as the already mentioned betting, but also cryptocurrencies and even travel—after all, offering a robust anti-risk process is one of the most relevant factors merchants should look for in a payment partner. For streaming and education companies, on the other hand, the number one feature is recurring payments.

To handle all of those different priorities and necessities between countries and verticals, cross-border merchants should count on an expert local payments partner, ready to offer the robustness and quickness online payments demand and to **help create the best strategies for each Latin American market, no matter the industry you operate in.**

With PagSeguro, you can reach the full potential of Latin America. Our one-stop payment solution allows companies aiming to sell or already selling to the region to offer over 140 local payment methods, plus to send instant single and mass payouts to Brazilian payees. From domestic-only credit cards—still the most used payment method in Latam—to Pix, PSE, CoDi, and other instant payment methods around the region, with us you **can easily ensure a payment experience according to the demands and preferences of the Latin America's local customers and to the rising needs of its rising e-commerce market.**

We hope this white paper has provided new insights and possibilities for your business in the blooming Latin American verticals, and that we have been able to share a little of our expertise and of our outlook to the next few years. If you wish to dive further into Latam's opportunities, [get in touch with us.](#)

ABOUT PAGSEGURO

PagSeguro is PagBank's (NYSE: PAGES) international division and provides innovative payment solutions, automating payments, sales, and wire transfers to boost businesses anywhere, in a simple and secure way. Part of the UOL Group—the leader in Brazilian internet—, PagBank acts as an issuer, an acquirer, and a provider of digital accounts, besides offering complete solutions for online and in-person payments in Brazil and, through PagSeguro, in Brazil and 16 other Latin American countries, besides Portugal, Spain, Turkey, Greece, and Romania, allowing merchants worldwide to process and collect more than 140 local payment methods and local currencies. It also provides instant single or mass cross-border payouts to Brazil.

As a provider of payment solutions for foreign merchants, PagSeguro is well established as the market leader in the online gaming segment, processing local payments for more than 6,000 games, including giants Valve, Garena, EA, Xsolla, Ubisoft, and Wargaming.

ABOUT PCMI

Payments and Commerce Market Intelligence (PCMI) is the premier market intelligence firm for Latin America, providing powerful market and competitive intelligence-driven insights for companies to succeed in the region. With a specialization in the payments industry, its expertise includes e-commerce, neobanks and digital wallets, fintech, POS and acceptance technology, financial inclusion, cross-border payments, B2B payments, open banking, and real-time payments. Its customized research reports deliver data-based clarity and granular strategic direction based on expert sourcing.

PCMI is focused on helping financial institutions, merchants and others navigate the unique payments landscape in Latin America and compete in a rapidly digitizing environment. AMI consultants are recognized as thought leaders in verticals such as e-commerce, payments innovation, contactless technology, real-time payments, and consumer and payment industry trends.



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