

The Rapyd logo is a blue circle with the word "Rapyd" in white, italicized sans-serif font. It is surrounded by several concentric blue circles of varying thicknesses, creating a ripple effect. The logo is positioned on the left side of the image, overlapping the woman's shoulder and the dark blue background.

**Rapyd**

# Latin America Digital Payments and eCommerce Guide

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In-depth research uncovers consumers' evolving ecommerce, payments and digital banking preferences.

**Rapyd.net**

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# About this Report

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Rapyd commissioned AdverPR and OH! to carry out a study in Argentina, Colombia, Mexico and Brazil on the use and future perspectives of digital payment methods and ecommerce.

The purpose of the research was to better understand some of the myths, fears, uses and habits associated with digital payment methods, as well as to uncover consumer expectations for ecommerce and a cashless future.

To achieve these goals, an online quantitative study was carried out surveying members of the general public between 20 and 65 years old, with participants

from the middle class in each country. Within this group, 73 percent have the internet at home, 35 percent of their total expenses go to food, and they report having moderate overall educational attainment. (ThinkNow)

The sample size was 1687 respondents, segmented by country as follows: Argentina (432), Brazil (435), Colombia (414) and Mexico (406).

Unless otherwise specified, all data and statistics in this guide come from this survey of LATAM consumers.

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## Key Takeaways

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- Nearly half of the region remains unbanked or underbanked, giving the banking and the financial sector a clear growth path in Latin America.
- Neobanks and non-bank payment applications are closing gaps in traditional banking and meeting the needs of a new market segment.
- Digital banking and non-bank payment applications like Mercado Pago, PayPal, Modo, and others are less costly and simpler solutions to traditional challenges in financial access, convenience and operational speed.
- Latin America is home to roughly 300 million online buyers. By 2025, this is expected to grow over 20 percent and online retail sales in Latin America are expected to hit 160 billion.
- LATAM is home to over 350 million social media users. Over half of LATAM consumers surveyed across Brazil, Colombia and Mexico have made a social commerce purchase.
- LATAM consumers are open to some emerging technologies and novel payment methods, however, significant barriers in trust and access remain.

# Will Digital Banking Win Over LATAM Consumers?

Latin America has a quickly growing middle-class seeking better, more inclusive financial services.

However, challenges to the financial services sector remain as nearly half of the region is unbanked, meaning that banking only has room to grow in Latin America. (World Bank)

## Online Banking, Payment Apps Filling the Gaps of Traditional Banking

Neobanks and non-bank payment applications are closing the gaps in traditional banking and meeting the needs of a new market segment. Our survey revealed that LATAM bank users overwhelmingly

use online banking and banking apps, with almost 90 percent of respondents across all countries reporting using their bank's app or website.

More than 60 percent of consumers across Brazil, Mexico, and Colombia reported being willing to leave their brick-and-mortar bank for their fully digital competitors.

Consumers value the speed, convenience, and lack of paperwork of digital banks. Digital banks and non-bank payment methods are increasingly encroaching on the territory of traditional banks and represent growing opportunities and access for the 200 million unbanked in LATAM.

Nearly half of the region remains unbanked

More than 60% of consumers across Brazil, Mexico, and Colombia reported being willing to leave their brick-and-mortar bank for their fully digital competitors.

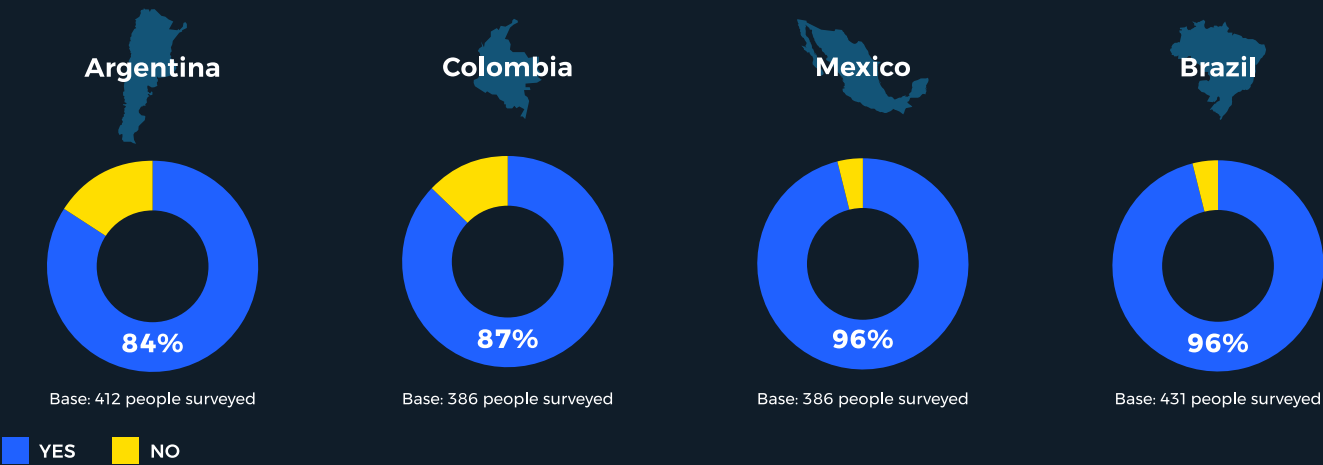
# The Vast Majority of LATAM Consumers Are Using Non-Bank Payment Applications

Across LATAM, we saw the widespread usage of non-bank payment applications. Over 84 percent of those surveyed across all nations reported using a non-bank payment application, like PayPal, Mercado Pago, Modo, and PagSeguro.

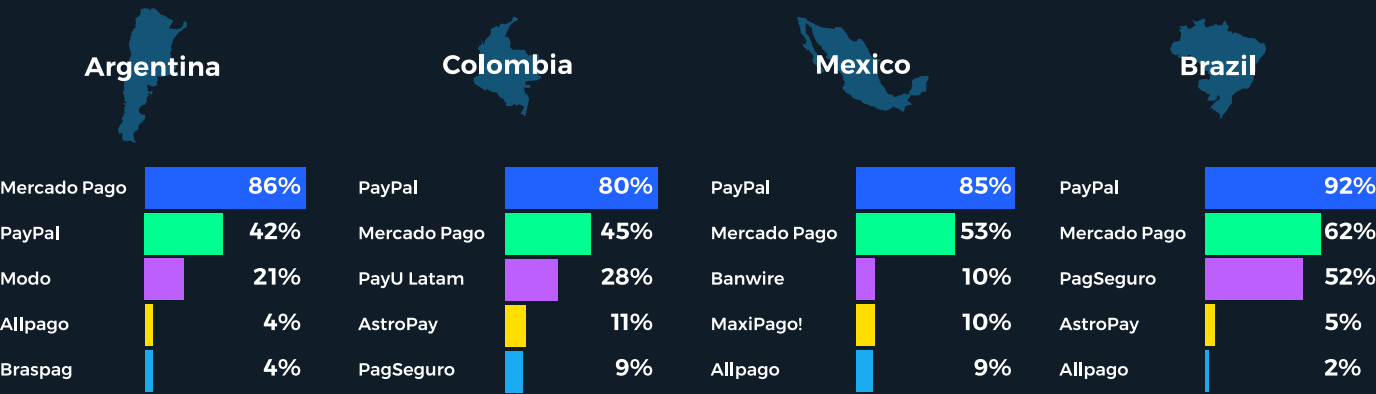
These payment applications are less costly and simpler solutions to traditional access, convenience and operational speed challenges.

## USE OF DIGITAL PAYMENT APPLICATIONS

People in the countries listed below were asked: “Do you use payment applications (such as Mercado Pago, PayPal, Modo, Allpago, PayU Latam, Braspag, Conekta, among others) that do not belong to a bank?”



## WHICH NON-BANK PAYMENT APPS DO YOU USE?



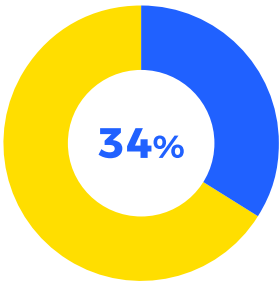
# Argentina Hesitant to Embrace Digital Banking

Argentina stood out as the most hesitant to embrace digital banking as a whole, with only 46 percent of surveyed Argentinians using a digital bank.

**Only 34 percent of those surveyed were willing to change to a digital-only bank with no physical branches.**

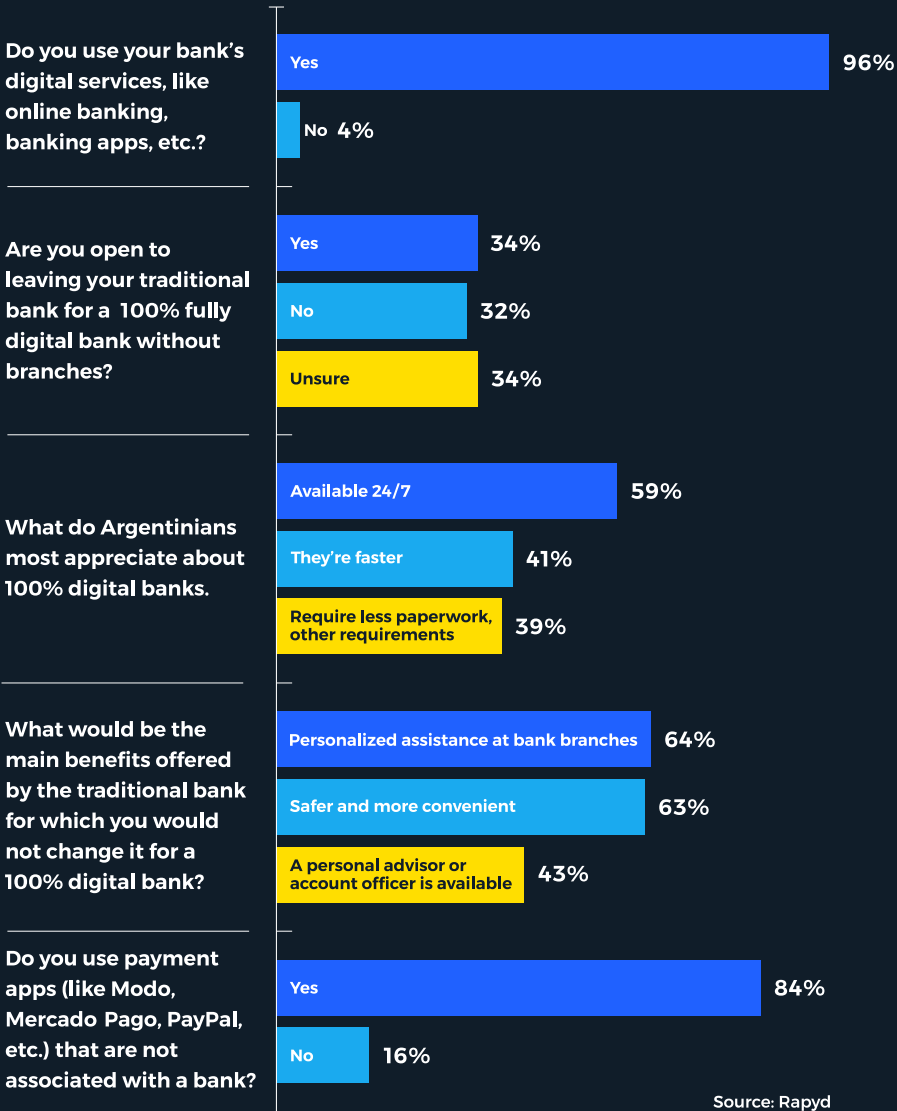
Given the country’s turbulent economic history, experiences with hyperinflation and lower trust in financial institutions, it is understandable that Argentinians seek financial institutions perceived to be more established and reliable.

Respondents said they would find it difficult to migrate to a 100 percent digital bank. This is because they believe a traditional bank to be safer and more reliable, appreciate how brick-and-mortar banks have an account officer available and would mean giving up personalized assistance at the bank branch. While Argentinians are mistrustful of fully online banks, the majority (84 percent) of those surveyed use non-bank payment applications with Mercado Pago being by far the favorite (86 percent).



34% of those surveyed were willing to change to a digital-only bank

## WILL DIGITAL BANKING WIN OVER ARGENTINIANS?



Source: Rapyd



# Brazil Leading the Way In Digital Banking, Payments

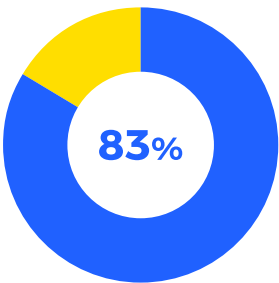
Brazilians have welcomed digital banking. Over 98 percent of Brazilians are already using online banking and use bank apps.

Many of Brazil's unbanked signed up for a digital savings account through a government initiative with the nation's Federal Savings Bank. Bank representatives say 39 million virtual accounts were opened by people who previously had no account. (NBC News)

**A large majority of Brazilians (83 percent) are willing to migrate to fully digital banks, driven by their lower costs, 24-hour operations, and faster speed.**

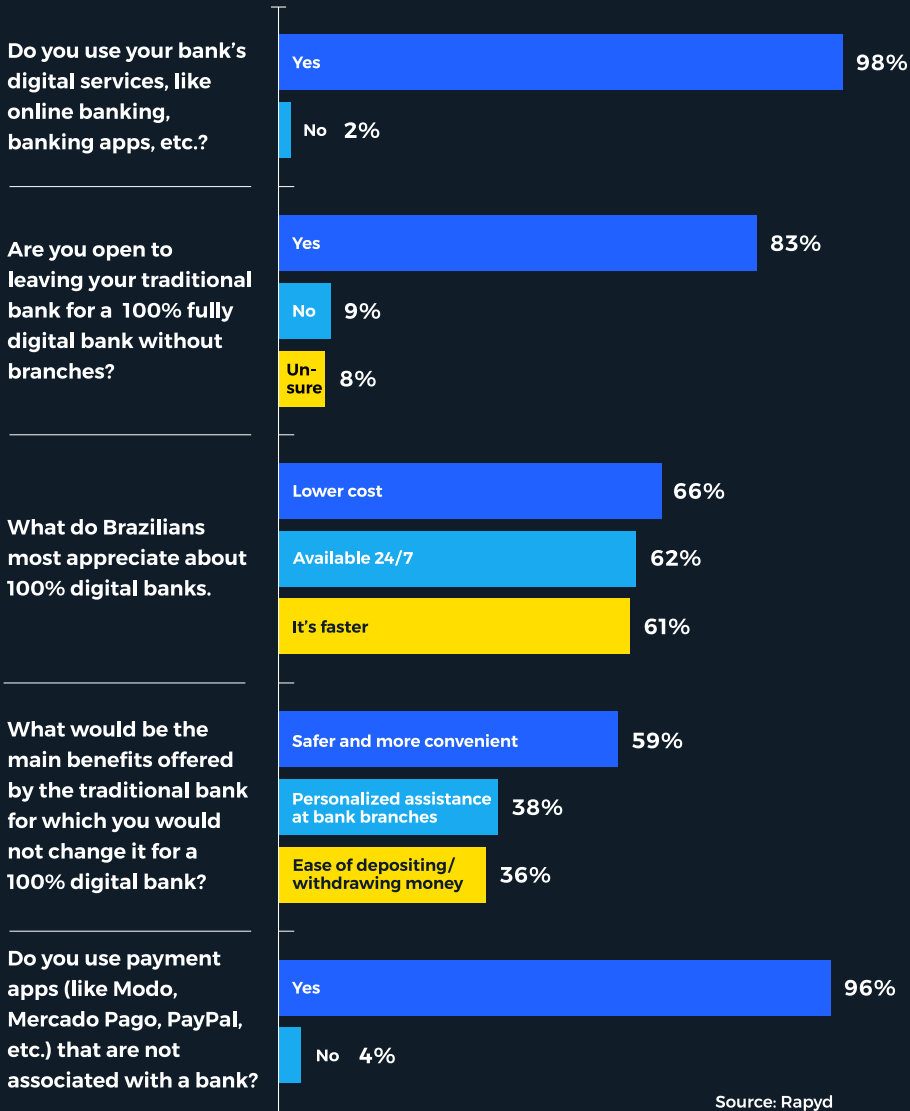
Online and mobile payments now make up more than half of Brazilian banking transactions according to a Deloitte 2020 survey of the Brazilian Banking Association. (Deloitte)

In our survey, 96 percent of respondents say they use non-bank payment applications like PayPal and Mercado Pago for their financial transactions PayPal being the favorite app, followed by Mercado Pago.



83% of Brazilians are willing to migrate to fully digital banks

## WILL DIGITAL BANKING WIN OVER BRAZILIANS?



Source: Rapyd

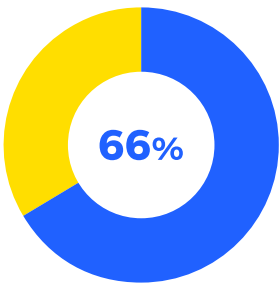


# Colombia Ready for Digital Banking, Payments

Nearly 90 percent of Colombian respondents use their bank's digital services, such as online banking or apps. This comes at a time when in Colombia at least 1.6 million people (of the country's 50 million population) who never had a bank account before [joined the nation's financial network](#) since the start of the pandemic in April 2020. (NBC News)

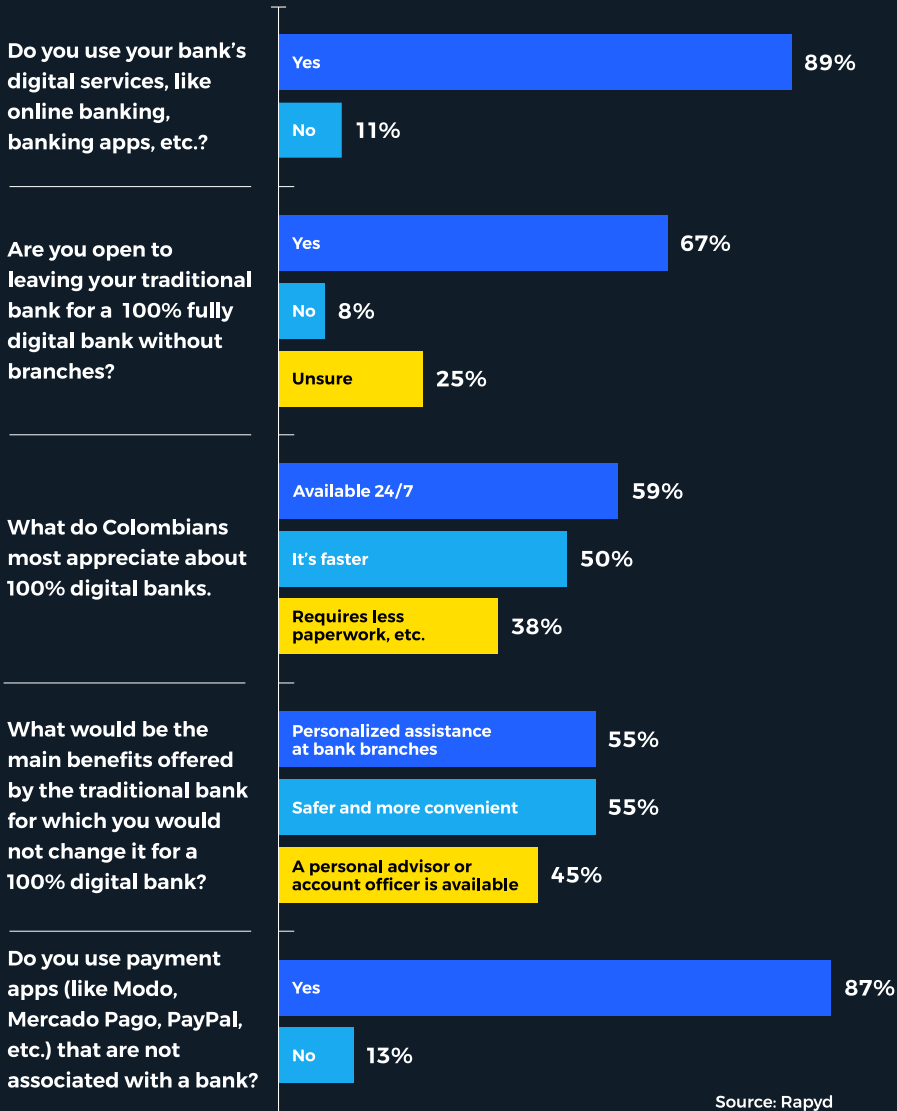
**Almost two-thirds of Colombians would be willing to migrate to a 100 percent digital bank.**

The interest in fully digital banks comes from their 24-hour operations, speed, the fewer paperwork requirements to become a customer, and their lower costs. When it comes to non-bank payment apps, 87 percent of respondents used this type of application, with PayPal being by far the favorite (80 percent), followed by Mercado Pago (45 percent) and PayU Latam (28 percent).



Nearly 66% of Colombians would be willing to migrate to a 100% digital bank

## WILL DIGITAL BANKING WIN OVER COLOMBIANS?



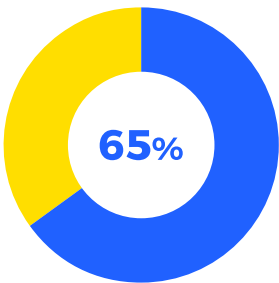
Source: Rapyd

# Mexico Adopting Online Payments, Banking

Mexicans are embracing digital banking, with the majority of those who have bank accounts reporting that they are already using online banking and/or bank apps.

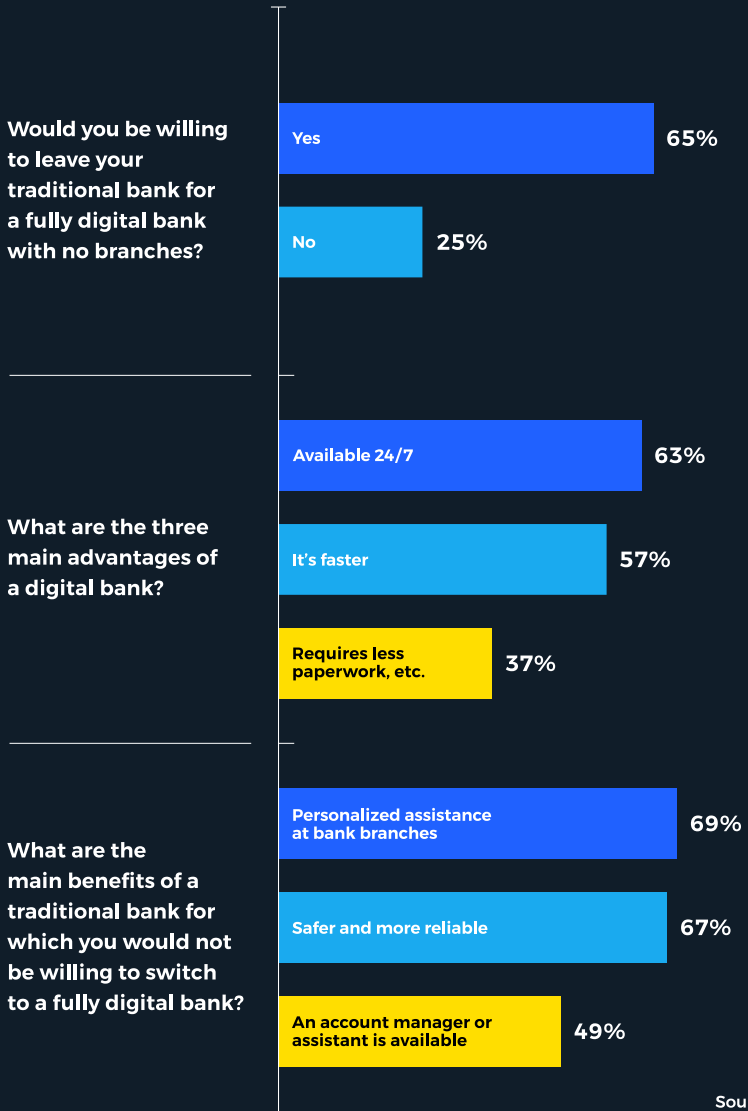
**The majority of Mexicans surveyed (65 percent) are willing to migrate to fully digital banks, driven by their 24-hour operations, faster speed, and the fewer paperwork requirements to become a customer.**

Additionally, there is already high penetration of non-bank payment applications. Ninety-six percent of respondents say they use this type of application, with PayPal being the favorite, followed by Mercado Pago.



The majority of Mexicans surveyed (65%) are willing to migrate to fully digital banks

## WILL DIGITAL BANKING WIN OVER MEXICANS?



Source: Rapyd

# Social Commerce in LATAM: The New eCommerce Opportunity?

Social commerce is shopping done via social media apps such as Instagram, WhatsApp or Facebook without leaving the platform. Today, social commerce is beginning to gain ground relative to ecommerce.

## **Over half of LATAM consumers surveyed across Brazil, Colombia and Mexico made a social commerce purchase**

Social commerce in Latin America is making inroads compared to traditional ecommerce, such as official company ecommerce sites or marketplace ecommerce sites like Amazon, Rappi, or MercadoLibre. And it has significant growth potential. As of July 2020, there were an estimated 346 million Latin American users of Instagram and Facebook, with

another [360 million WhatsApp users](#) reported that same year as LATAM users widely embrace social media. (Statista)

Speed and convenience were cited as key drivers of their purchases. While over half of LATAM consumers surveyed across Brazil, Colombia and Mexico made a social commerce purchase, significantly fewer (38 percent) of surveyed Argentinians tried using this new commerce channel.



# Social Commerce in LATAM

## LATAM Prefers eCommerce to Social Commerce, Wants More Payment Methods

When it comes to ecommerce, Brazil and Mexico lead the pack regionally, making up 31 percent and 28 percent of the respective [Latin American ecommerce market](#). And the economies of Argentina and Colombia are also quickly picking up momentum with solid YOY growth. (Fidelity; Morgan Stanley)

Social commerce lags behind traditional ecommerce as over 55 percent of LATAM consumers cited a clear preference for using traditional ecommerce channels over social commerce, purchases that were highly concentrated in a couple of sectors, specifically clothing and apparel, cosmetics and beauty, and food and beverages.

Over 40 percent of consumers from Brazil, Colombia and Mexico mentioned the greater variety of payment methods as a key benefit of choosing social commerce.

## Even Social Media Shoppers Demand Cash Payment Options

Across Argentina, Colombia, and Mexico, nearly one-third of social commerce purchases were made using cash vouchers purchased at convenience stores. This shows that even tech-savvy users of social media channels choose cash as a top payment method, in addition to relying on bank transfers, cards, and PayPal.

With ecommerce surging in popularity, partially due to the COVID-19 pandemic, the ability to use cash to pay for digital transactions is an important lifeline for many Latin American consumers. For example, In Mexico, over 70 percent of the population has internet access (The Federal Institute of Telecommunications of Mexico), but less than 40 percent have bank accounts. (Center for Global Development)

**Over 40% of consumers from Brazil, Colombia and Mexico mentioned the greater variety of payment methods as a key benefit of choosing social commerce.**

# Social Commerce Must Offer Better User Experience, More Payment Methods

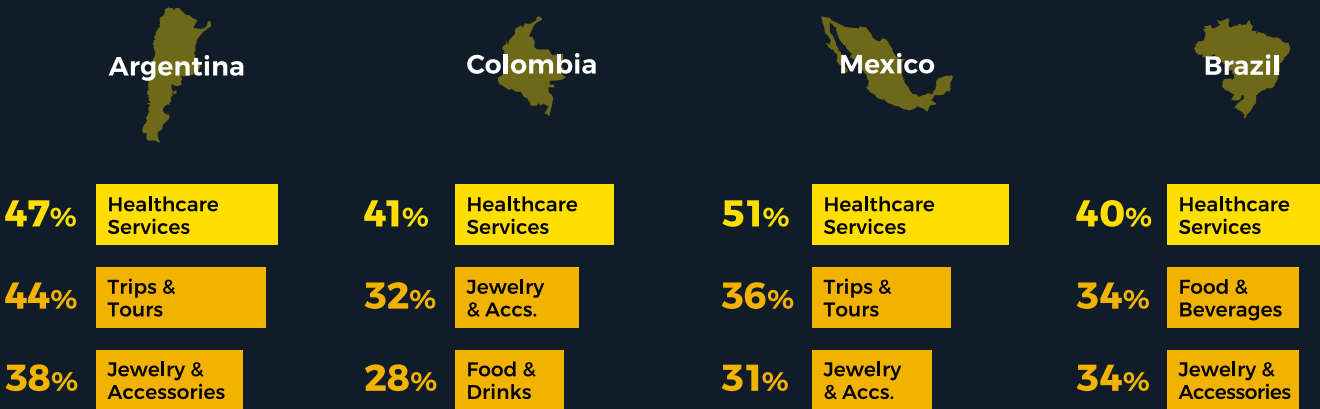
The majority of consumers in LATAM are wary of making large purchases via social channels, which are seen as less safe.

Just as ecommerce has transitioned from fringe to mainstream over the past decade, social commerce must too offer reliable user experiences and preferred payment methods to create customer trust.

## WHAT PRODUCTS ARE YOU MOST WILLING TO BUY VIA SOCIAL COMMERCE?



## WHAT PRODUCTS ARE YOU LEAST WILLING TO BUY VIA SOCIAL COMMERCE?

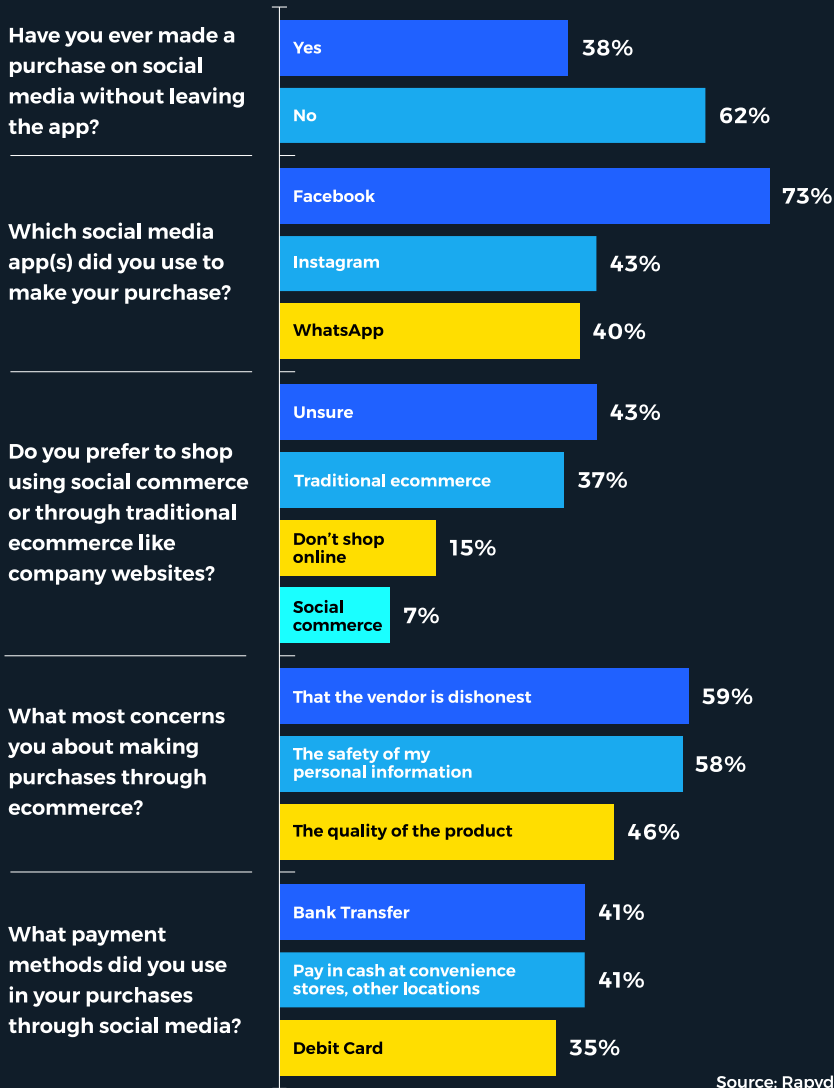


# Argentina Unsure About Using Social Commerce

Argentini- ans were the least likely to have engaged in social commerce, with just over one-third having tried this ecommerce channel. Those who used this channel were most likely to pay by bank transfer (41 percent) or using cash vouchers purchased at convenience stores (41 percent). It's interesting to see that so many rely on in-person cash payments for an online purchase.

As for social commerce, a minority of Argentini- ans surveyed reported trying this purchase method. The vast majority of those who'd made these purchases did so via Facebook (73 percent), relative to 43 percent on Instagram. In terms of why Argentini- ans use social commerce, commonly cited benefits included its speed and ease of use, the ability to make purchases 24/7 and accessing goods from overseas.

## SOCIAL COMMERCE IN ARGENTINA: A NEW OPPORTUNITY FOR ECOMMERCE?



Source: Rapyd

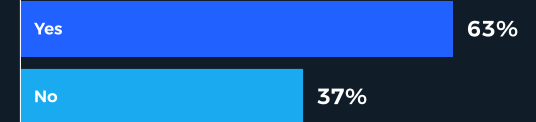
# Brazil Shops Big and Shops Socially

Not only does Brazil account for almost [one-third \(or 31 percent\) of LATAM ecommerce](#), the country is also home to 43 million unique online consumers. In terms of why Brazilians use ecommerce, commonly cited benefits included its speed and ease of use, the ability to make purchases 24/7 and the lower prices. (Fidelity; Morgan Stanley)

As for social commerce, a majority of Brazilians (63 percent) surveyed reported trying this purchase method. The vast majority of those who'd made these purchases did so using credit cards (67 percent), PayPal (46 percent), and bank transfers (43 percent) to pay for their social purchases.

## SOCIAL COMMERCE IN BRAZIL: A NEW OPPORTUNITY FOR ECOMMERCE?

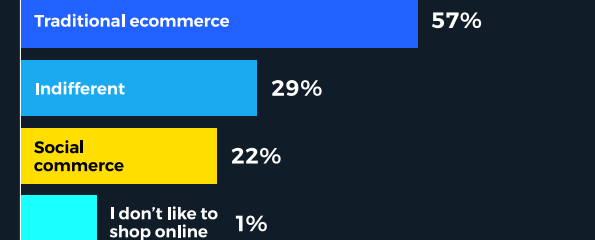
Have you ever made a purchase on social media without leaving the app?



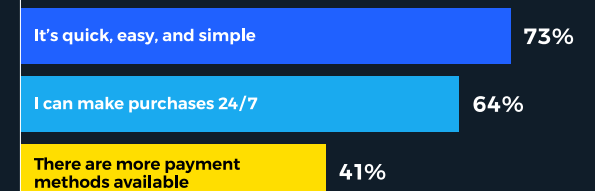
Which social media app(s) did you use to make your purchase?



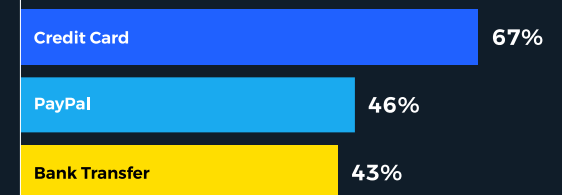
Do you prefer to shop using social commerce or traditional ecommerce like company websites?



What do you most appreciate about being able to shop online?



What payment methods did you use to make social commerce purchases?



Source: Rapyd

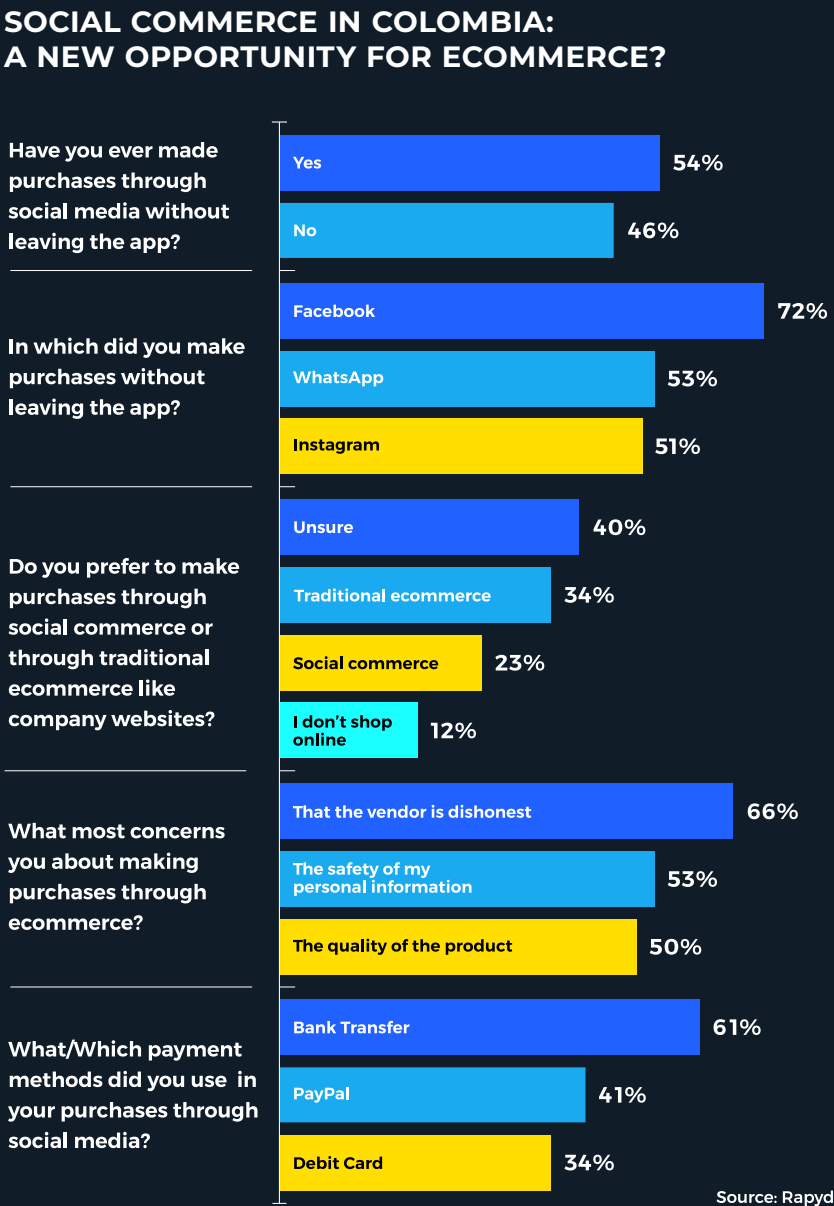


# Colombia Prefers Traditional eCommerce to Social Commerce

In terms of why Colombians use ecommerce, commonly cited benefits included the ability to make purchases 24/7, speed and ease of use, access to overseas products, and having more payment methods available.

Fifty-four percent of Colombians surveyed reported trying social commerce, and the vast majority who'd done so made these purchases via Facebook (72 percent). Of those who made social purchases, 61 percent reported having paid by bank transfer.

Despite many having made a social commerce purchase at least once, only 23 percent of Colombians surveyed said they preferred this payment method over more traditional ecommerce.



# Mexico Open to Social Commerce, Prefers Traditional eCommerce

eCommerce expansion in Mexico is expected to grow over the next few years at [8 percent CAGR](#), much lower than the previous YOY growth of 3 percent because of market saturation. (eCommerceDb) When asked why they use ecommerce, Mexicans commonly cited benefits like its speed and ease of use, the ability to make purchases 24/7 and using more payment methods.

As for social commerce, a majority of Mexicans surveyed reported trying this purchase method. The vast majority of those who had made these purchases did so via Facebook (88 percent), relative to just 39 percent on WhatsApp and 30 percent on Instagram.

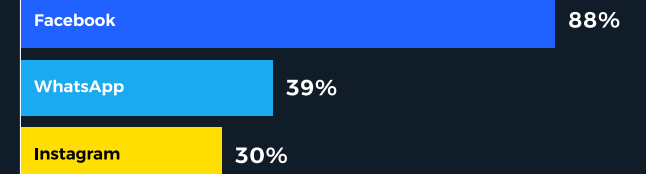
Despite many having made a social commerce purchase at least once, only 20 percent of Mexicans surveyed said they preferred this payment method over more traditional ecommerce.

## SOCIAL COMMERCE IN MEXICO: A NEW OPPORTUNITY FOR ECOMMERCE?

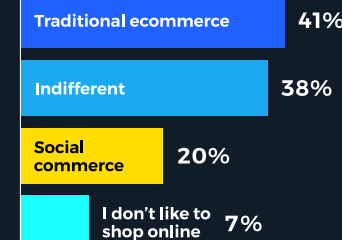
Have you ever made a purchase on social media without leaving the app?



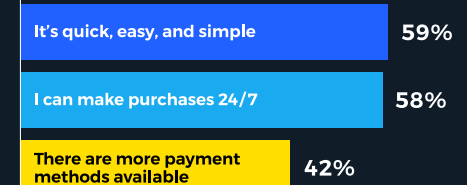
Which social media app(s) did you use to make your purchase?



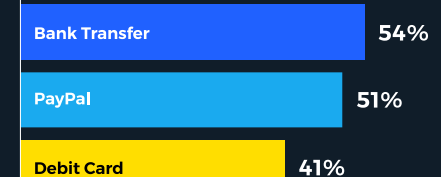
Do you prefer to shop using social commerce or traditional ecommerce like company websites?



What do you most appreciate about being able to shop online?



What payment methods did you use to make social commerce purchases?



Source: Rapyd

# LATAM Global eCommerce Trends

## Accessibility Challenges Remain Despite LATAM Openness to Novel Payment Tech

When it comes to using newer and novel payment technologies like social payments, ewallets, and cryptocurrencies, our survey revealed an eagerness to try these methods with over 50 percent of respondents from across Brazil, Mexico, and Colombia open to these new methods, creating a clear avenue for growth in LATAM.

- Almost half of LATAM consumers reported perceiving at least one kind of novel payment method, like voice-based purchases or cryptocurrencies, as challenging to adopt.
- Considering that many in the region are still entering the traditional banking system, considerable technological and accessibility barriers remain for less traditional payment methods.
- Businesses must continue to build trust before consumers adopt these novel payment technologies.



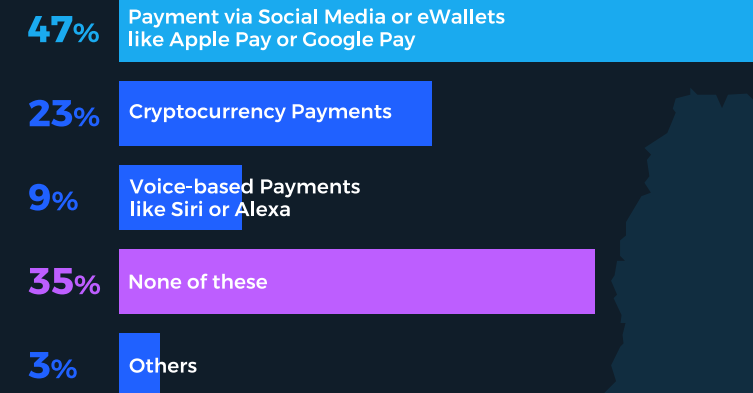
# Argentina Prefers Traditional Rather than Newer Payment Technologies

Argentini-ans are hesitant to try new payment technologies. When they were asked “which new payment technologies they would be willing to try?”, less than half were open to cryptocurrency payments using social payments and ewallets.

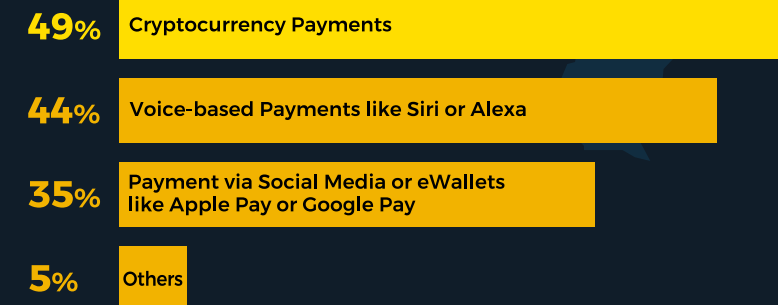
Consistent with other findings in this report, Argentini-ans strongly preferred to use only trusted payment types.

More than one-third of surveyed Argentini-ans reported no interest in trying new payment technologies like ewallets, social payments and cryptocurrencies.

## WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **MOST** WILLING TO TRY?



## WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **LEAST** WILLING TO TRY?



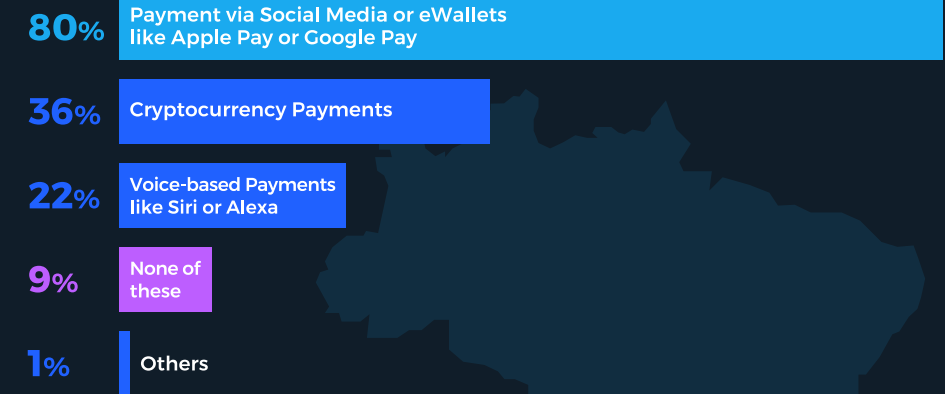
# Brazil Leads the Way in eCommerce, Digital Payments

Brazilians are leading the way in ecommerce and openness to new technologies.

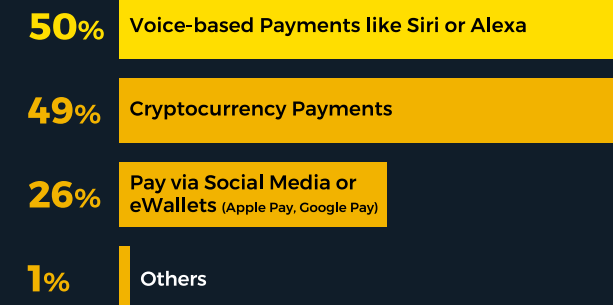
Over 80 percent reported being open to making payments via social media or ewallet apps, like WhatsApp, Facebook, or Google Pay. Brazilians are open to social payments and ewallets, with only 9 percent were opposed to trying any new payment method type.

When asked which payment technologies would be most difficult to adopt, they reported finding novel payment methods like purchases via voice (50 percent) and cryptocurrencies (49 percent) challenging to adopt.

## WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **MOST** WILLING TO TRY?



## WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **LEAST** WILLING TO TRY?



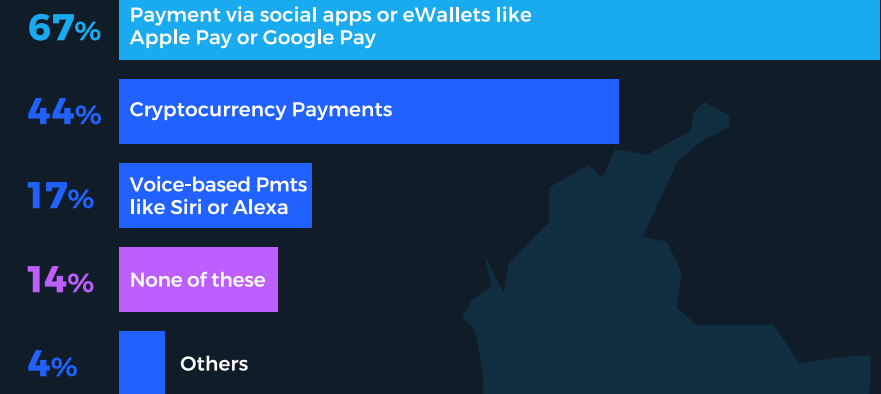
## Colombia Open to Social Payments, eWallets

More than two-thirds of Colombians are open to using social payments and ewallets.

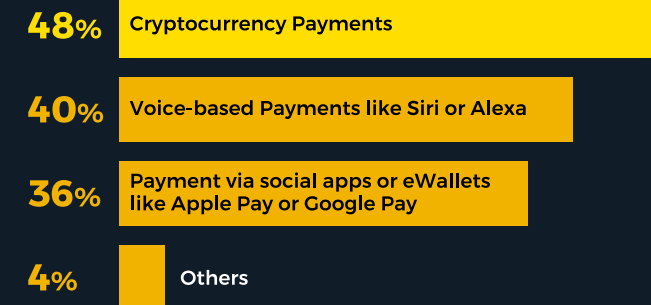
When asked which payment technologies would be most difficult to adopt, Colombians reported finding novel payment methods like purchases via voice and cryptocurrencies challenging to adopt.

Additionally, 14 percent of those surveyed reported no interest in trying new payment technologies like ewallets, social payments and cryptocurrencies.

### WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **MOST** WILLING TO TRY?



### WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **LEAST** WILLING TO TRY?

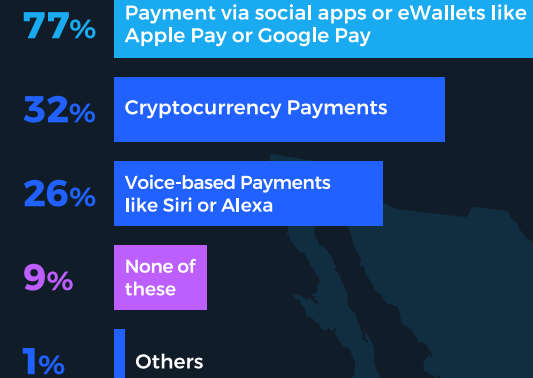


## Mexico Willing to Use eWallets, Social Payments

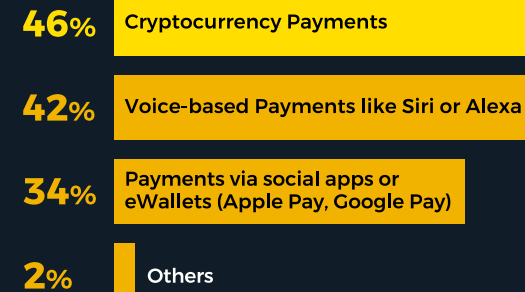
When Mexicans were asked, which of the following new payment technologies would they be willing to try, a large majority (77 percent) were open to using social payments and ewallets. Considering the widespread use and adoption of ewallets and non-bank payment methods this figure is to be expected.

However, Mexicans reported finding novel payment methods like purchases via voice and cryptocurrencies challenging to adopt. Nine percent of those surveyed reported no interest in trying new payment technologies like ewallets, social payments and cryptocurrencies.

### WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **MOST** WILLING TO TRY?



### WHAT NOVEL PAYMENT TECHNOLOGIES WOULD YOU BE **LEAST** WILLING TO TRY?





# Latin America Cannot Be Ignored

With over 600 million consumers, a growing middle class, and quickly growing digital payments market, Latin America cannot be ignored.

As digital banks and non-bank payment methods create new possibilities for consumers, they are increasingly encroaching on the territory of traditional banks. Not only are they closing gaps in traditional banking, but they are also meeting the needs of a new market segment.

## The New World of eCommerce and Financial Technology

Although the adoption of ecommerce in this part of the world still lags behind other emerging regions, online [retail sales in Latin America](#) are expected to hit 160 billion by 2025. (Statista)

Emerging technologies and novel payment methods like ewallets and cryptocurrency are still just in their infancy. While most countries surveyed like Brazil, Mexico, and Colombia were eager to try these technologies, significant barriers in trust and access remain.

## A Growing Middle-Class Seeks More Opportunities

Ultimately, digital payments, ecommerce and innovation in payment technologies will drive Latin America's continued impressive economic gains.

These changes represent growing opportunities and access for the 200 million unbanked in LATAM. As millions of people gain greater financial and technological access for the first time, this is a chance for businesses to step up to meet the moment.

## Rapyd Fintech as a **Service Solutions** for Latin America

Rapyd is the fastest way to power local payments anywhere in the world, enabling companies across the globe to access markets quicker than ever before. By utilizing Rapyd's unparalleled payments network and Fintech as a Service platform, businesses and consumers can engage in local and cross-border transactions in any market.

The Rapyd platform is unifying fragmented payment systems worldwide by allowing companies to accept payment methods, including cards, bank transfers, ewallets and cash in over 100 countries through a single integration.

**Rapyd Collect** – Accept your customers preferred payment methods worldwide and seamlessly integrate payments into apps and websites. With a global bank transfer network and efficient FX, Rapyd can save businesses and customers money on every transaction.

**Rapyd Disburse** – Rapyd Disburse allows you to integrate payouts into your existing systems and to significantly lower fees and deliver funds faster.

**Rapyd Issuing** – Issue your own pre-paid cards to send funds to customers, employees and contractors globally.

**Rapyd Wallet** – Create your own globally scalable white-label ewallet platform to simplify payouts and payments worldwide.

Learn more at [rapyd.net](https://rapyd.net)



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