

Argentina Payments Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Argentina payments market is expected to register a CAGR of 15.6% from 2022 to 2027. The growth of E-commerce has shaped the development of the market. Enterprises are also attempting to implement their point-of-sale systems to expand their digital payment options. For example, retail behemoths like Shopify and Amazon are building point-of-sale systems that can handle both online and in-store transactions. As a result of these developments, banks are being encouraged to upgrade their digital payment systems to maintain their market positions. Governments worldwide are raising the limit on contactless payment cards, opening up new industry potential.

Key Highlights

In May 2021, the Communique introduced a new 'Standardised Payments Interface,' which aims to broaden the reach of fast payments and transfers. In the context of the Argentine Payment System, it will enable payment matching through an open and interoperable digital environment. It includes an integrated, automatic, and irreversible real-time accreditation payment system that must be available 24 hours a day, seven days a week, all year, and capable of efficiently and safely replacing cash. The firms in the region are expanding their product portfolio or incorporating new features in their existing products so that they can meet the demands of the customers. For instance, in May 2021, Huobi Global, a digital asset market player, announced adding five additional payment methods for its Argentina Peso (ARS) consumers. The addition of these new payment methods, which were developed in collaboration with local payment solution providers, intends to give ARS users a quick and secure way to buy and sell digital assets on the Huobi P2P market Uala, Santander Ro, Banco Galicia, Prex, and AirTm are the five new payment options Huobi uses a rigorous screening process to select partner providers to protect its users' interests and ensure the security of P2P transactions.

According to the Argentine Fintech Chamber (Camara Argentina de Fintech), Argentina's fintech industry grew exponentially in 2021, with roughly 302 fintechs operating in the country. Fintech startups got USD 900 million in investments over the first three

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quarters of 2021, as of September 2021. The development of Argentine fintech unicorns and the digitalization hastened by the COVID-19 pandemic prompted such investments.

A payment gateway integrated store aids in the secure processing of online payments from customer website to user bank when dealing online. However, a painless payment gateway connection can be challenging to achieve. Support and assistance can be required along with the procedure. The user must consider several payment system procedures and elements when integrating a payment system into a website or app. Some things to consider include whether the system can be quickly connected without programming skills and whether it fits into customers existing corporate infrastructure.

The pandemic of Covid-19 has increased the usage of digital and contactless payments. Due to a surge in demand for high-value banknotes, cash in circulation reached a decade high, indicating that money was more retained as a store of value rather than making payments. The epidemic has heightened central banks' motivations to build central bank digital currency (CBDCs).

Argentina Payments Market Trends

E-Commerce is Observing Significant Growth

The great majority of online purchases in Argentina are made with credit cards. According to CACE, credit cards were used mostly for e-commerce purchases, whether through a payment platform (56%), a payment gateway (21%), or in-store (1%). Despite the rise of digital wallets, credit cards remain the favored payment method in Argentina's e-commerce business. By 2021, digital wallets are predicted to increase their market share, making them Argentina's fastest-growing online payment method. Furthermore, according to CACE, e-commerce companies in Argentina invoiced 101% higher in the first half of this year from the same time in 2020. Acquiring 120.9 million products via 80.3 million purchase orders reflects the highest growth in e-commerce history (47 % up from MID 2020).

Digital payments are getting more and more popular. Subscription-based business models will become more popular. Because of their specialized services, companies like Loot Crate and BirchBox will experience an increase in orders. New eCommerce companies can replicate a similar subscription-based strategy to enter this market. On a monthly or yearly basis, they can generate recurring sales.

Another eCommerce concept that is quickly gaining traction is social payments. Social payments, popularised by Paypal, allow users to send money via social media. Almost every central social media platform has its version. Apple Pay, Google Wallet, Facebook Payments, Twitter Buy, and similar services are available. These means of payment function similarly to a digital bank account. Users of social media sites can buy things directly from the platforms or shops that accept such payments. Contextual and programmatic advertisements are witnessing gradual growth. To accommodate these changes, social networking sites are already altering their designs. Programmatic advertising is a new trend that uses datasets to determine the target audience. These advertisements are shown to a consumer-targeted audience. After some time, they are retargeted to create a higher ROI. It's about attracting the appropriate audience to the right ad at the right time. Compared to traditional retargeting, e-commerce business owners who use programmatic advertising have a better chance of reaching a wider audience.

Point of Sale is One of the Factor Driving the Market

The POS market has grown significantly over the past few years, owing to its ability to offer an increased return on investment and ease of access. POS systems that facilitate transactions from the central component of businesses across industries, like retail, hospitality, transportation, and banking, have gained importance in companies of small and big sizes over the years. In Argentina, there has been an increase in debit and credit card payments, which pushes the need for POS terminals in the country. According to a recent Prisma survey of Argentina's payments methods, per volume, debit card usage in the first quarter

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of 2020 was 38.62%, while in Q2 2020 increased to 42.70%. In the first quarter of 2021, the percentage increased to 46.06%. Further, the COVID-19 pandemic has significantly transformed how consumers shop, affecting several market verticals. The retail sector witnessed a drastic change due to the pandemic. Consumers have also increased their use of various sales methods, such as curbside pickup, virtual consultations, contactless payment, and even social commerce, i.e., shopping through social media. According to the latest retail experts and shopper surveys, this new behavior is expected to stay over the forecast period. Such trends have affected the demand for POS terminals across regions.

The rising financial frauds worldwide have influenced the government regulatory bodies to secure payment transactions over the past few years. With customers demanding safe and reliable digital transactions, the need for using secure payment processes has increased. Therefore, these regulatory bodies have impacted the adoption of POS terminals positively. With the increasing mobility trends worldwide, mobile POS systems are gaining traction. With cashless transactional technologies, POS has witnessed increased adoption rates.

There has been an uptake in the contribution of nonbanks as cooperative agreements with the banking industry have developed in-network providers and potential issuers of payment instruments. Rapid developments in line with the market trends are expected to offer significant growth opportunities.

Argentina Payments Market Competitor Analysis

The Argentina Payment market is fragmented, with a significant number of players in the market. However, a few large players in the market, such as PayU, occupy a considerable share of the market. The competitive rivalry in the market is high, with various players trying to increase their revenue. Players such as PagoFacil and RapiPago are also trying to increase their share in the market. As such, the market players are undertaking various strategies such as enhancing the product portfolio, among various others. Moreover, the growing e-commerce industry is also encouraging the development of payment methods across the country.

Jan 2022 - Telecom Argentina is diversifying and consolidating its telecom operations into a platform ecosystem. Personal Pay, a mobile payment service, was recently established as part of the strategy. Personal Pay gives users access to a virtual and actual Visa card and rewards for using the company's digital store to pay for services.

Dec 2021 - Fill Smart is a new retail platform for clients of gas stations that will launch in Argentina. In collaboration with the law firm PAGBAM Abogados, the company is developing a smartphone app that includes an e-wallet for managing forecourt purchases. Users can purchase fuel and send a certain amount to their contacts through the service. It will also offer a variety of other features, such as the ability to withdraw money from ATMs and shop at a convenience store.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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