

Latin America Real Time Payments Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The Latin America real-time payments market is expected to register a CAGR of 15.1% from 2022 to 2027. The primary factor driving the growth of the market is the increasing smartphone penetration, growing banked population, and government initiatives in various countries of the Latin America region, among others.

Key Highlights

The real-time payments market in Latin America is booming owing to a decrease in the region's unbanked population, the rising shift towards faster and instant payment services, and the high proliferation of smartphones. Furthermore, the growth is coupled with the growing real-time payment transactions in Brazil and Mexico.

In addition, new payment technologies and payment methods like QR codes and real-time payments are rising. Several countries have Real-time payments and fast-payment systems, such as Transferencia 3.0 in Argentina, PIX in Brazil, and SPEI in Mexico.

The growth of real-time payments is further supported by increasing smartphone penetration and government regulations in many regional countries. For instance, telecommunications regulation reforms in Mexico have resulted in lower costs for mobile phones and data, which has led to more connectivity and usage, a key component in real-time payments evolution.

The COVID-19 pandemic has sharply increased digital transactions in the region. Some people have tried out fintech and real-time payment services for the first time, while existing users have increased their frequency of use. Further, the shift towards contactless and innovative payments has increased the usage of real-time payments in the region.

Latin America Real Time Payments Market Trends

P2B Segment is Expected to Gain Significant Traction in the Market

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The P2B segment of real-time payments is expected to gain significant traction over the forecast periods owing to the rising internet and smartphone penetration, increasing online shoppers, and booming e-commerce in the region. Furthermore, real-time payment services such as buy now pay later offered by various major payment, and e-commerce companies are further fueling the growth of the P2B segment in the region.

The growth in P2B transactions is supported by the adoption of real-time payments by various payment providers and e-commerce platforms across the region. For instance, in Brazil, given the good user reception, companies started offering Pix as a payment method, including retailers and delivery giants such as Mercado Libre, which relies on Pix to replace the bank slip and increase the e-commerce conversion rate iFood, and Magazine Luiza.

The buy now pays later services provided by the major companies such as ADDI, DiniePay, and Cleo are further fueling the growth of the real-time payments market in the region. Furthermore, in Brazil, RecargaPay, a Brazilian fintech, is attempting to capitalize on the adoption of BNPL across the country by connecting small loans to BNPL practices, providing the option to pay for energy and water bills in three to twelve monthly installments. This is further expected to increase the P2B transactions in the region. Further, many regional companies are indulging in merger and partnership activities to provide more innovative solutions in the P2B segment. For instance, in April 2022, Nelo, a Buy Now Pay Later company in Mexico, announced that it had launched its all-in-one app. Nelo's customers can use Nelo at any online merchant through a partnership with Mastercard. Nelo's app is the first of its kind in the region, where customers can shop and pay in installments at their favorite stores like Mercado Libre, Amazon, and Liverpool. This is enabled through a virtual card that Nelo customers generate at checkout.

Brazil is Expected to Grow at a Significant CAGR in the Market

In Brazil, the pro-innovation regulatory landscape allowed digital banks to leverage new technologies, which have been critical for the growth in the adoption of new and innovative technologies such as real-time payments seen over the past couple of years. Another catalyst for developing real-time payments in Brazil was the introduction of Pix, a real-time payment system launched in 2020 by Brazil's Central Bank.

As per Bank for International Settlements, In little over a year since its launch in November 2020, Brazil's real-time payment system Pix has signed up 67% of adults in Brazil, with free payments between individuals and low charges for merchants. The key factors that governed Pix's success are the mandatory participation of large banks to kick-start network effects for users and the central bank's dual role as a payment infrastructure provider and rule setter across the country.

Furthermore, the growth of real-time payments is further governed by the rapid increase in Brazil's real-time payments transactions. For instance, As per the Central Bank of Brazil, the number of Pix transactions in Brazil was 33.51 million in November 2020, dramatically increasing to 393.64 million transactions in March 2021.

Additionally, as data reported by the Central Bank of Brazil, 53.02 million individuals sent money through Pix in march 2021, and 58.4 individuals received money through Pix. The growing volume of transactions further supports this through real-time payments in Brazil.

All the abovementioned factors are expected to boost the region's real-time payments market over the forecast period.

Latin America Real Time Payments Market Competitor Analysis

The competition in the Latin America real-time payments market is moderate, and the market appears to be moderately consolidated. Major market players offer innovative payment solutions and indulge in mergers and acquisitions to gain market share. Major players in the Latin America real-time payments market include ACI Worldwide Inc., Fiserv Inc., Mastercard Inc., and Visa Inc., among others.

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June 2022 - Buckzy Payments, Inc., a leading real-time cross-border payments platform, announced the expansion of its payments network throughout Central and South America. The Buckzy network now covers eight countries in the LATAM region - Argentina, Brazil, Chile, Colombia, Guatemala, Honduras, Mexico, and Uruguay. As part of the expansion, Buckzy will also deliver virtual account capability in the national currencies of each country for banks, FinTechs, and other providers to offer to their customers.

March 2022 - Paysend, the international payments platform, announced the expansion of its money-transfer services to Brazil with PIX, the real-time payment platform created and managed by the Central Bank of Brazil. Through an existing partnership with Banco Rendimento, a prominent player in the foreign exchange market in Brazil, and a robust Payments structure, Paysend's users will be able to transfer funds faster, more securely, and affordably to Brazil via PIX's payments infrastructure.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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