

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

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Report description:

Mexico Real-time payment market is expected to have significant growth of 8.6% for the forecast period of 2022-2027. The country is witnessing significant adoption of digital payments, and the country has been reporting increased activities in real time payments due to the expanded usage of smartphones in the country, along with the growing need to go for a cashless economy.

Key Highlights

Mexico introduced the Sistema de Pagos Electronicos Interbancarios (SPEI) system in 2004 and adopted real-time payments early on. Despite the early start, the adoption of real-time payments has grown slower due to the large population without national bank accounts and lack of awareness of electronic payments. However, with the release of Cobro Digital (CoDi) in September 2019, the use of real-time payments has expanded to low-value, recurring payments, and the growth of real-time payments has gained some traction in recent years through QR code and NFC technology.

The credit card market in Mexico has grown in terms of the number of cards in circulation and transaction value and quantity, supported by high consumer spending. To cater to the high-potential credit card market, digital-only card issuers have entered the space.

Mexico's government focuses on financial inclusion by undertaking three social benefits programs: Oportunidades, Programa para Adultos Mayores and Procampo, disbursing benefits through bank accounts and cards. In addition, alternative payments, including PayPal, MercadoPago, DineroMail, and SafetyPay, are all used extensively for online shopping. The availability of digital wallet services, and the security and convenience they provide, have made them popular among consumers.

The growth of e-commerce is expected to create opportunities in Mexico. For instance, According to WorldPay, the e-commerce revenue was estimated at USD 32 billion in 2021. E-commerce revenue generated from mobile devices is anticipated to increase significantly by 2022. The growing penetration of smartphones would further augment the market's growth.

Many Mexicans are buying online owing to the COVID-19 outbreak. According to the general director of the Mexican Association of

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Online Sales, the pandemic has served as a kind of a turning point for e-commerce in the country. According to Latin American e-commerce giant Mercado Libre, between March 12 and 19, online sales of household items such as cleaning detergents skyrocketed 400%, and pharmaceutical items jumped 114%.

Mexico Real Time Payment Market Trends

P2B Segment is expected to witness strong growth

Mexico's finance minister noted that financial inclusion is one of the biggest obstacles in the government's fight against poverty, inequality, and slow economic growth. Hence, the administration is seeking to encourage competition among public and private enterprises to lower bank product costs for low-income individuals. It also seeks to develop a sustainable technological infrastructure to enhance the country's real time payments network.

The country also witnessed significant investments amid the growing demand in the market. For instance, in June 2021, Clip, Mexico's leading digital payments and commerce platform, announced to have received a USD 250 million capital investment by the SoftBank Latin America Fund and Viking Global Investors LP. The investment is the highest fund received by the company in Mexico and establishes Clip as the first payments Unicorn in the 12th largest economy in the world, with a valuation approaching USD 2 billion.

These developments also increased the number of strategic activities in the country. In November 2021, Whale Cloud, a leading technology company providing software solutions and services for telecommunications and multiple other industries, partnered with Toka Fintech, a Mexican-leading financial group, to develop its own digital payment app with Alipay+ Digital Wallet Solution, providing Mexicans with better access to inclusive financial services.

This system intends to offer Mexicans more options to carry out payment transactions in the country. It aims to foster competition amongst payment service providers, an industry that has boomed in the past year by providing different intermediary and digital solutions for credit card and digital payments. This digital payment option would accelerate the change to a cashless ecosystem or cashless economy, one of the objectives of the current government.

According to the mobile payments company, Boku Inc, number of users of mobile wallets in Mexico is estimated to grow from 27.60 million in 2020 to 74.60 million by 2025. This significantly increases the P2B payments and is expected to drive the overall market.

Retail Segment is Expected to Hold a Significant Market Share

Mexico stands out as one of the key markets and is doing so through sustained evolution and slow but steady growth in many dimensions. The retail and consumer sector is one industry that has the potential to exceed Mexico's average national future growth. This will be driven by a combination of economic and socio-demographic trends, offerings, and business models to appeal to Mexican consumers.

The number of cashless transactions in the Latin American region is forecasted to increase by leaps and bounds influencing the cash displacement in Mexico. Mexico is one of the fastest-growing markets for real time payments in the region and the increase in digital transactions is expected to drive the market forward.

The growing demand for real time payments in the retail sector is urging companies in the country to indulge in various strategic activities. For instance, in November 2021, Mastercard announced the acquisition of the Start Path program alum Arcus FI to assist with bill pay solution delivery over real-time payment applications in Latin America. The acquisition has further helped the company to enable payment processing, settlement, and reconciliation through Mexico's real-time Interbank Electronic Payment System.

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Peer-to-peer (P2P) and consumer-to-business (C2B) transactions answer for the major part of the current volume of real-time payments in the country, according to ACI Worldwide. The development of e-commerce is also expected to accelerate instant payments in the country, thus dominating the overall market.

Mexico Real Time Payment Market Competitor Analysis

With consumer preferences changing rapidly, the market has become a lucrative option and thus, has attracted a huge amount of investments. Due to the huge growth potential, the market is moving towards fragmentation due to the new entrants. The service providers are engaging in partnerships to promote product innovation.

June 2022 - PredictSpring, a market player in omnichannel commerce and modern POS technology, raised USD 16 million in Series B funding, taking its total funding to date to USD 32 million. The company aims to use the new funding to accelerate the growth of its omnichannel business and grow its R&D and go-to-market teams.

February 2022 - UK FinTech Transact365 launched its payments platform in Latin America. This move allows for cross-border and local eCommerce transactions using local payment methods like PIX and Boleto, letting consumers make online transactions and giving merchants access to them. Transact365's Latin American payment network includes Mexico, Brazil, Colombia, among others.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions and Market Definition
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Attractiveness - Porter's Five Forces Analysis
 - 4.2.1 Bargaining Power of Suppliers
 - 4.2.2 Bargaining Power of Consumers
 - 4.2.3 Threat of New Entrants
 - 4.2.4 Threat of Substitute Products
 - 4.2.5 Intensity of Competitive Rivalry
- 4.3 Evolution of the payments landscape in the country
- 4.4 Key market trends pertaining to the growth of cashless transaction in the country
- 4.5 Assessment of COVID-19 Impact on the Market

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5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 High Proliferation of Smartphones and Digital Initiatives

5.1.2 Favorable Changes in Regulatory Frameworks In the Country

5.2 Market Restraints

5.2.1 Operational Challenges Involving Cross-border Payments

5.3 Market Opportunities

5.3.1 Government Policies Encouraging the Growth of Digital Paymentis expected to aid the growth of Real Time Payment methods amongst commoners

6 MARKET SEGMENTATION

6.1 By Type of Payment

6.1.1 P2P

6.1.2 P2B

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles*

7.1.1 ACI Worldwide, Inc

7.1.2 Finastra

7.1.3 Fiserv, Inc.

7.1.4 Mastercard, Inc

7.1.5 PayPal Holdings, Inc

7.1.6 Visa Inc

7.1.7 Temenos AG

7.1.8 Volante Technologies, In

7.1.9 EziPay

7.1.10 QFPay

7.1.11 Azimo

7.1.12 Fanuc

8 INVESTMENT ANALYSIS

9 FUTURE OUTLOOK OF THE MARKET

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