

## **Mexico Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

Market Report | 2024-02-17 | 90 pages | Mordor Intelligence

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### **Report description:**

The Mexico Payments Market size is estimated at USD 113.89 billion in 2024, and is expected to reach USD 184.94 billion by 2029, growing at a CAGR of 10.18% during the forecast period (2024-2029).

The payment market is growing as a result of increased digitalization. The growing popularity of smartphones and the widespread availability of internet connectivity are driving up demand for mobile payment transactions. Similarly, government measures encourage customers to use contactless payment platforms. Furthermore, integrating technology such as artificial intelligence and machine learning is anticipated to improve the security system, increasing consumer trust in the payment system.

#### Key Highlights

- The market is expected to be driven by government policy. For example, the Ministry of Finance constructed its own IT system to authorize and process government payments after first developing the legal foundation to enable centralized payments. Furthermore, the Central Bank created a nationwide payment system to allow for the quick and inexpensive movement of funds to any bank account in the country. Furthermore, the presidential administration has encouraged the use of digital payments and a reduction in the use of cash to foster financial inclusion in Mexico. Financial inclusion is defined by Mexican authorities as access and utilization of formal and appropriately regulated financial services that guarantee consumer protection rights and develop financial literacy.
- According to the National Institute of Statistics and Geography (INEGI), consumer spending in Mexico rose by 1.5% quarter-over-quarter to MXN 12.76 trillion in the second quarter of 2022. The rise in consumer spending had a direct impact on the demand for POS terminals as a means of an easy payment option. Furthermore, the growth in e-commerce and the entangling of brick-and-mortar and online retail practices are also expected to affect the future growth of various payment methods. With the option of payment on delivery provided by major e-commerce platforms in the region, a sudden surge in developing new payment

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methods can be expected.

-According to the Mexican Association of Nationwide Retailers (ANTAD), there are 33 supermarket chains in Mexico, with a total of 53,793 specialty stores, 2,365 department stores, and 3,227 grocery stores. Even still, informal businesses like open public markets and mobile street vendors that often sell local, domestic goods account for nearly 50% of the retail market. Such a huge number of retail stores is expected to create an opportunity for the local POS Terminal players to develop new products or incorporate new features in the existing products to capture a wide share of the market.

-Cross-border trade is increasing in Mexico as companies across industries adopt global trade. However, the complexities of cross-border trade have hampered the market's growth. As most cross-border transactions are handled through correspondent banking relationships, increasing operational costs and trade volumes further accelerate the adoption of other payment methods, such as digital and mobile payment systems. The increase in international trade, internationalization of production, and cross-border e-commerce suggest that demand for digital cross-border payments will continue to grow in the region.

-Since the outbreak of the COVID-19 pandemic, the demand for digital payments has increased exponentially in the country, owing to the growing demand for contactless payment methods. Even though QR code payments see prominent adoption and growth in Mexico, the demand is expected to increase worldwide primarily because they are easy and inexpensive to implement. Over the coming years, this type of payment is expected to be even easier due to integrations with digital wallets.

## Mexico Payments Market Trends

### Increase in Internet Penetration is Expected to Drive the Market

- According to the Mexican Internet Association, the country will have 89.5 million Internet users in 2021, accounting for 75.7 % of the population over the age of six. Internet users are highly concentrated, with 77 % of urban residents having access to the internet compared to only 48 % of rural residents. It is believed that 20 million people live in communities without broadband access, thus shutting them out of the digital world. Ninety-eight percent of Mexican internet users access the internet using a smartphone.

- In December 2022, the Mexican telecoms regulator, IFT, has announced that it will make up to 7,750 megahertz of millimeter-wave spectrum available for the construction of 5G networks next year. Furthermore, AT&T Mexico presently provides 5G services in 18 cities nationwide. Mexico City, Guadalajara, Monterrey, Tijuana, Mexicali, Ciudad Juarez, Mazatlan, Ciudad Obregon, Navojoa, Guasave, Ensenada, Puerto Penasco Guamuchil, Hermosillo, Culiacan, Saltillo, Torreon, and Morelia have 5G services available.

- As 5G provides unbeatable speeds and low-latency connectivity in every household, smart devices could be easily replaced with dumb terminals. These terminals would get commands or directions from the edge computing systems nearby. It will be much easier to control health monitors, kitchen appliances, and climate control systems. In addition, the role played by IoT today is more likely to be played by 5G in the future.

- According to We Are Social, Mexico had an online population of over 100.6 million users as of January 2023, with over 96.47 million mobile internet users. This made Mexico the second most populous Latin American country regarding mobile internet subscribers. Furthermore, when the number of active social media users is considered rather than the number of unique persons on these platforms, the North American country has 94 million social network members.

- Mobile connectivity will be strengthened with small cell infrastructure, densifying 5G wireless signals and improving their movement through concrete buildings and walls. Small-cell antennas will also enhance wireless connection supporting more devices on the same network simultaneously. This would result in robust wireless connections that could significantly handle high-capacity networks.

### Hospitality Industry is Expected to Drive the Market

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- Digitization has also had a significant impact on the hotel business. Customers today prefer touchless transactions, whether checking in/out of a hotel room, ordering room service, or making a final payment. The post-pandemic reality necessitates high cleanliness standards, social distance, and touchless services. Digital payments offer the utmost convenience for guests checking in at hotels. Instead of checking out at the front desk and physically handing in their credit card, guests expect a seamless experience. Moreover, people are becoming reliant on their mobile devices by paying for their services online.
- Nowadays, payment portals are located within the booking engine. This benefits the guests and hotel staff. The booking engine is more intuitive and knows more about what payment options are needed within the hotel industry. The number of people relying on digital wallets (such as Apple Pay, Samsung Pay, or Google Pay) has risen yearly. This is because they are considered more secure and convenient than credit cards while traveling.
- For instance, In November 2022, Google Mexico launched Google Wallet, allowing the business to leverage the country's booming smartphone penetration, adding 10 million new smartphone users in the last three years. This platform lets users make contactless payments from their Android and Wear OS devices. Users can also store and spend on other products, such as gift cards, transportation passes, and event tickets.
- The reception desks will be seamlessly directed to a digital billing portal when confirming rooms booked via virtual payments. This process will also automate the virtual card delivery, removing the need for manual offline chargebacks or lengthy payment instructions for travel management companies and hotels, eliminating the card exposure and tightening payment security. The staff will no longer manually process the payments or key card numbers into their merchant terminals.
- According to National Institute of Statistics and Geography, As of August 2022, Veracruz had the most hotels in Mexico, with 1,784 operational businesses. Jalisco ranked next, with over 1,4000 accommodation places of this type. In the meantime, 840 hotels were open in Mexico City that year. Such huge of hotels would create a opportunity for the different players to collaborate with them and provide better services.
- Hotel operators can now eliminate bulky, additional gear and gadgets previously utilized to handle transactions thanks to the online payment options now available. Rather, payment channels are integrated into the booking engine. This benefits not only the guests but also the hotel personnel. The booking engine is more user-friendly and understands what payment alternatives are required in the hotel business. Hotel visitors prefer electronic transaction confirmations not only for their convenience but also because they are more environmentally friendly and responsible. Rather than producing an itemized record of all expenditures incurred during a stay, most visitors prefer to get the same information by email or text.

## Mexico Payments Industry Overview

The Mexican payments market is semi-consolidated as few players currently dominate the payments market. Major players in the Mexican payments market offer well-developed digital payment solutions, adopting strategies like acquisitions and partnerships to expand their reach to more consumers in the region. Some of the major companies in the payments market include Visa Inc., Mastercard Inc., HSBC, and American Express.

- June 2023: The DiMo platform introduced by Banco de Mexico presents exciting prospects for Mexican startups and fintech companies as it brings about a groundbreaking transformation in digital payments. The newly launched Dinero Movil (DiMo) mobile transfer platform is now operational, and individuals using the Interbank Electronic Payment System (SPEI) are getting ready to utilize its services. DiMo has the capacity to facilitate digital payments for small enterprises solely through a phone number, offering them valuable opportunities.
- January 2023: Grupo Coppel, which controls Mexico's largest department store chain and the country's sixth-largest banking network, announced the debut of Coppel Access, a multifunctional financial application, in the United States. Coppel Access, the mobile wallet software, was created with the Mexican community in mind. Still, it also allows all consumers in the United States to

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open and maintain an account, which is insured by the Federal Deposit Insurance Corporation (FDIC), using either a Mexican or a US ID.

Additional Benefits:

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

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## 6 Market Segmentation

### 6.1 By Mode of Payment

#### 6.1.1 Point of Sale

6.1.1.1 Card Payments (Includes Debit Cards, Credit Cards, Bank Financing Prepaid Cards)

6.1.1.2 Digital Wallet (Includes Mobile Wallets)

6.1.1.3 Cash

6.1.1.4 Others

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6.1.2.1 Card Payments (Includes Debit Cards, Credit Cards, Bank Financing Prepaid Cards)

6.1.2.2 Digital Wallet (Includes Mobile Wallets)

6.1.2.3 Others (Includes Cash on Delivery, Bank Transfer, and Buy Now, Pay Later)

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