

Latin America Buy Now Pay Later Business and Investment Opportunities - 75+ KPIs on BNPL Market Size, End-Use Sectors, Market Share, Product Analysis, Business Model, Demographics - Q1 2025 Update

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Report description:

According to PayNXT360, BNPL payment market in Latin America is expected to grow by 27.0% on annual basis to reach US\$16.2 billion in 2025.

The BNPL market in the region experienced robust growth during 2021-2024, achieving a CAGR of 40.4%. This upward trajectory is expected to continue, with the market forecast to grow at a CAGR of 20.9% during 2025-2030. By the end of 2030, the BNPL sector is projected to expand from its 2024 value of USD 12.7 billion to approximately USD 41.7 billion.

This report provides a detailed data-centric analysis of the Buy Now Pay Later (BNPL) industry in Latin America, covering market opportunities and risks across a range of retail categories. With over 75 KPIs at the regional and country level, this report provides a comprehensive understanding of BNPL market dynamics, market size and forecast, and market share statistics.

It breaks down market opportunities by type of business model, sales channels (offline and online), and distribution models. In addition, it provides a snapshot of consumer behaviour and retail spending dynamics. KPIs in both value and volume terms help in getting an in-depth understanding of end market dynamics.

PayNXT360's research methodology is based on industry best practices. Its unbiased analysis leverages a proprietary analytics platform to offer a detailed view of emerging business and investment market opportunities.

This title is a bundled offering combining 6 reports, covering regional insights along with data centric analysis at regional and country level:

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Key Insights

Latin America's BNPL market is evolving rapidly, shaped by financial inclusion efforts, e-commerce growth, and macroeconomic pressures. Inflationary instability in key markets drives demand for installment-based payments as consumers seek to stabilize their purchasing power. At the same time, digital transformation and fintech innovation enable BNPL providers to expand their offerings across both online and offline channels.

However, rising regulatory oversight will influence market dynamics, encouraging transparency and responsible lending. Providers that invest in compliance, risk management, and strategic partnerships with regional e-commerce platforms and super apps will be well-positioned to lead the market over the next few years. Sector diversification into travel, healthcare, and SME financing will offer additional growth opportunities in this rapidly changing landscape.

BNPL Enhances Financial Inclusion for Underbanked Populations

- In Latin America, BNPL is a critical financial inclusion tool, offering access to credit for the underbanked majority. Major players like MercadoPago, Kueski, and Credits have developed installment plans tailored to consumers without traditional banking services. These offerings are most prominent in Brazil, Mexico, and Colombia, where over 40% of the population lacks access to formal credit products.
- Latin America's financial infrastructure has historically excluded large portions of the population due to high lending rates, limited bank branch networks, and rigid credit approval systems. The widespread adoption of digital wallets (e.g., MercadoPago, RappiPay) and smartphone penetration have enabled fintech providers to reach these consumers, offering flexible, low-barrier credit alternatives through BNPL services.
- BNPL will play an increasingly important role in financial inclusion. By offering tailored products with shorter repayment cycles and reduced paperwork, providers will help bring millions into the formal credit system, improving credit histories and financial literacy.

Rising Inflation Makes BNPL a Budgeting Tool

- Consumers in countries like Argentina, Brazil, and Venezuela rely on BNPL to stabilize their spending amidst high inflation. BNPL allows users to defer payments for essential purchases such as home appliances and electronics, minimizing the impact of rapidly rising prices.
- Latin America has one of the highest inflation rates globally, with Argentina experiencing inflation above 100% annually. Consumers in these markets prioritize payment plans to manage fluctuating prices and preserve their short-term liquidity. Providers are also introducing longer repayment plans to accommodate customers facing economic hardship.
- BNPL will become a critical financial tool in inflation-hit economies, helping consumers manage cash flow more effectively. However, due to economic volatility, providers may face higher default risks and increased operating costs, requiring robust credit risk management strategies.

BNPL Growth Driven by Local E-Commerce Giants

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- E-commerce platforms such as MercadoLibre, Tiendanube, and Dafiti are key drivers of BNPL adoption in Latin America. These platforms have integrated installment payment options to attract new and repeat customers. MercadoLibre's MercadoPago division, for instance, reported a 50% increase in BNPL usage during major sales events in 2024.
- Latin America's e-commerce sector has grown rapidly, driven by increasing digital penetration and improved logistics infrastructure. BNPL solutions enhance purchasing power by allowing consumers to split high-value purchases across multiple payments, which boosts cart conversion rates and customer loyalty.
- BNPL adoption will continue to rise as regional e-commerce platforms expand their reach into smaller cities and rural areas. Partnerships between BNPL providers and merchants will further solidify installment payments as a preferred payment method in online retail.

Small and Medium Enterprises (SMEs) Drive Offline BNPL Expansion

- BNPL is expanding beyond e-commerce into offline retail, particularly through partnerships with electronics, home improvement, and fashion SMEs. Credits have partnered with local retailers in Brazil to provide POS installment options, while similar initiatives are underway in Mexico.
- Many SMEs across Latin America have limited access to traditional financing options for their customers. BNPL offers a solution that helps increase sales for SMEs by providing consumers with more flexible payment options. Additionally, growing trust in digital payment platforms enables faster adoption of BNPL at physical stores.
- Offline BNPL adoption will accelerate, particularly in urban and semi-urban areas. Providers focusing on SME partnerships are expected to gain market share, although regulatory compliance will become more critical as the market matures.

Travel Sector Slow to Recover but Shows Potential

- Unlike regions such as Asia-Pacific, where BNPL for travel has grown rapidly, Latin America is experiencing slower adoption in this sector. However, airlines such as LATAM and travel platforms like Despegar have begun offering installment plans for international travel, indicating future potential for growth.
- Economic instability and high costs related to currency devaluation have limited demand for international travel financing. Nevertheless, as economies stabilize and tourism recovers, middle-income consumers will seek BNPL options for flights, vacation packages, and accommodations.
- BNPL adoption in travel is likely to accelerate as Latin American economies recover. Partnerships between BNPL providers and airlines, hotels, and travel agencies will play a key role in increasing travelers' affordability.

Super Apps Dominate BNPL Ecosystems

- Super apps like Rappi and MercadoLibre increasingly integrate BNPL services across their ecosystems. These apps offer users installment options for e-commerce and services like food delivery, grocery shopping, and digital wallet transactions.
- The all-in-one nature of super apps provides convenience and flexibility, making BNPL integration a natural fit. These platforms increase customer engagement and transaction frequency by embedding installment plans within multiple services, thereby driving revenue growth.
- Super apps will solidify their dominance in Latin America's digital payments landscape. BNPL providers that secure partnerships with these platforms will achieve rapid scalability and deeper market penetration.

Competitive Landscape and Regulatory Developments

Latin America's BNPL market is expanding rapidly, driven by increased e-commerce penetration, low credit card access, and a large underbanked population. Key players such as MercadoPago, Nubank, and Aplazo are leading the market, while international

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providers like Klarna and Afterpay are entering through partnerships with major online retailers. BNPL is becoming a crucial payment option for first-time borrowers and small business owners across the region. However, rising regulatory scrutiny focused on consumer protection and financial stability shapes the market's evolution. Over the next 2-4 years, providers will prioritize rural expansion, fintech innovation, and partnerships with retailers and financial institutions to sustain growth.

Current State of the BNPL Market

- E-commerce as a Growth Driver: BNPL services are embedded within key e-commerce platforms like MercadoLibre, Amazon Latin America, and Dafiti. These platforms offer installment options tailored to first-time buyers and small business owners, driving the adoption of BNPL in major markets like Brazil, Mexico, and Argentina.
- Focus on Financial Inclusion: With millions of consumers lacking access to traditional credit products, BNPL is filling a crucial gap by offering low-cost or interest-free installments. Providers like Nubank and MercadoPago have developed solutions targeting underbanked populations, enabling flexible payments for daily purchases.
- Expansion into Physical Retail: While e-commerce remains the core BNPL channel, providers are increasingly integrating their services with offline retailers in sectors such as electronics, fashion, and travel. This omnichannel strategy aims to reach consumers who prefer in-person shopping experiences.

Key Players and New Entrants

- Leading domestic and regional providers include MercadoPago, Nubank, and Aplazo, all of which offer online and offline BNPL solutions. MercadoPago dominates in multiple countries due to its strong integration with MercadoLibre, Latin America's largest e-commerce platform.
- Global players like Klarna and Afterpay are expanding into Latin America through strategic collaborations with local e-commerce platforms and retailers. These providers are introducing advanced features like personalized repayment plans to compete with established domestic players.

Recent Launches, Mergers, and Acquisitions

- Nubank's Healthcare BNPL Initiative (Brazil): Nubank introduced BNPL options for healthcare in collaboration with private hospitals and clinics, allowing patients to pay medical expenses in installments. This move targets middle-income families seeking greater financial flexibility for essential services.
- Aplazo's Growth in Mexico: Aplazo secured new partnerships with Mexican fashion retailers, enabling more customers to access zero-interest installment plans. This initiative focuses on first-time BNPL users in urban areas.
- Limited M&A Activity in the Region: While there have been no major mergers in the past year, providers are emphasizing partnerships with e-commerce platforms and banks to expand their reach and diversify their service offerings.

Anticipated Competitive Dynamics

- Rural Expansion and Financial Inclusion: Providers are expected to focus on expanding into rural and underserved areas where access to traditional financial services is limited. This expansion will be driven by partnerships with logistics companies, retailers, and fintech platforms.
- Investment in Technology: Providers will likely invest in AI and data analytics to improve credit risk assessment and tailor repayment options to diverse consumer needs. These innovations will be key in driving adoption and managing default risks.
- Sector Diversification: BNPL services are expected to grow in non-retail sectors, including healthcare, education, and travel. By offering installment plans for tuition, medical expenses, and vacation bookings, providers aim to diversify their revenue streams and capture new consumer segments.

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Regulatory Changes

- Regulatory Sandbox Initiative (Colombia): The government launched a fintech regulatory sandbox to test innovative BNPL models. This initiative allows fintech companies to pilot new credit and payment products under government oversight, focusing on consumer protection and financial inclusion.
- Data Protection Law in Mexico: Mexican authorities have introduced new guidelines for digital finance providers, including BNPL services, emphasizing stricter compliance with data privacy and security measures. Providers must improve data handling practices to align with global standards like GDPR.
- Financial Stability Regulations (Argentina): Argentina's central bank has introduced new oversight measures for digital lenders, including BNPL operators, to ensure market stability. The regulations include regular reporting on credit performance and risk management practices.

Table of Contents:

This title from PayNXT360 is a bundled offering, combining the following 6 reports, covering 348 tables and 450 figures:

1. Latin America Buy Now Pay Later Business and Investment Opportunities (2021-2030) Databook
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5. Colombia Buy Now Pay Later Business and Investment Opportunities (2021-2030) Databook
6. Mexico Buy Now Pay Later Business and Investment Opportunities (2021-2030) Databook

All global, regional, and country reports mentioned above will have the following tables of contents:

1 About this Report

- 1.1 Summary
- 1.2 Methodology
- 1.3 BNPL Definitions
- 1.4 Disclaimer

2 Buy Now Pay Later Industry Attractiveness

- 2.1 Buy Now Pay Later - Gross Merchandise Value Trend Analysis, 2021-2030
- 2.2 Buy Now Pay Later - Average Value Per Transaction Trend Analysis, 2021-2030
- 2.3 Buy Now Pay Later-Transaction Volume Trend Analysis, 2021-2030

3 Buy Now Pay Later Operational KPIs

- 3.1 Buy Now Pay Later Revenues, 2021-2030
- 3.2 Buy Now Pay Later Share by Revenue Segments, 2021-2030
 - 3.2.1 Buy Now Pay Later Revenue by Merchant Commission, 2021-2030
 - 3.2.2 Buy Now Pay Later Revenue by Missed Payment Fee Revenue, 2021-2030
 - 3.2.3 Buy Now Pay Later Revenue by Pay Now & Other Income, 2021-2030
- 3.3 Buy Now Pay Later Active Consumer Base, 2021-2030
- 3.4 Buy Now Pay Later Bad Debt, 2021 - 2024 - 2030

4 Buy Now Pay Later Spend Analysis by Business Model, 2021-2030

- 4.1 Buy Now Pay Later Two-Party Business Model, 2021-2030
- 4.2 Buy Now Pay Later Three-Party Business Model, 2021-2030

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5 Buy Now Pay Later Spend Analysis by Purpose, 2021-2030

5.1 Buy Now Pay Later Convenience, 2021-2030

5.2 Buy Now Pay Later Credit, 2021-2030

6 Buy Now Pay Later Spend Analysis by Functional Attribute, 2021-2030

6.1 Buy Now Pay Later by Open Loop System, 2021-2030

6.2 Buy Now Pay Later by Closed Loop System, 2021-2030

7 Buy Now Pay Later Spend Analysis by Distribution Model, 2021-2030

7.1 Buy Now Pay Later by Standalone, 2021-2030

7.2 Buy Now Pay Later by Banks & Payment Service Providers, 2021-2030

7.3 Buy Now Pay Later by Marketplaces, 2021-2030

8 Buy Now Pay Later Spend Analysis by Sales Channel

8.1 Buy Now Pay Later Market Share by Sales Channel, 2021-2030

8.2 Buy Now Pay Later Online Channel Market Size and Forecast, 2021-2030

8.3 Buy Now Pay Later POS Channel Market Size and Forecast, 2021-2030

9 Buy Now Pay Later Snapshot by End-Use Sector, 2021-2030

9.1 Buy Now Pay Later Market Share by End-Use Sector, 2024

9.2 Buy Now Pay Later Sales Uplift by End-Use Segment, 2024

10 Buy Now Pay Later in Retail Shopping: Market Size and Forecast, 2021-2030

10.1 Buy Now Pay Later Retail Shopping - Gross Merchandise Value Trend Analysis, 2021-2030

10.2 Buy Now Pay Later Retail Shopping - Average Value Per Transaction Trend Analysis, 2021-2030

10.3 Buy Now Pay Later Retail Shopping - Transaction Volume Trend Analysis, 2021-2030

11 Buy Now Pay Later Market Size and Forecast by Retail Product Categories

11.1 Buy Now Pay Later Share by Retail Product Category, 2024

11.2 Buy Now Pay Later Retail Shopping - Apparel, Footwear & Accessories - Gross Merchandise Value Trend Analysis, 2021-2030

11.3 Buy Now Pay Later Retail Shopping - Consumer Electronics - Gross Merchandise Value Trend Analysis, 2021-2030

11.5 Buy Now Pay Later Retail Shopping - Toys, Kids, and Babies - Gross Merchandise Value Trend Analysis, 2021-2030

11.6 Buy Now Pay Later Retail Shopping - Jewellery - Gross Merchandise Value Trend Analysis, 2021-2030

11.7 Buy Now Pay Later Retail Shopping - Sporting Goods - Gross Merchandise Value Trend Analysis, 2021-2030

11.8 Buy Now Pay Later Retail Shopping - Entertainment & Gaming - Gross Merchandise Value Trend Analysis, 2021-2030

11.9 Buy Now Pay Later Retail Shopping - Others - Gross Merchandise Value Trend Analysis, 2021-2030

12 Buy Now Pay Later in Home Improvement: Market Size and Forecast, 2021-2030

12.1 Buy Now Pay Later Home Improvement - Gross Merchandise Value Trend Analysis, 2021-2030

12.2 Buy Now Pay Later Home Improvement - Average Value Per Transaction Trend Analysis, 2021-2030

12.3 Buy Now Pay Later Home Improvement - Transaction Volume Trend Analysis, 2021-2030

13 Buy Now Pay Later in Travel: Market Size and Forecast, 2021-2030

13.1 Buy Now Pay Later Travel - Gross Merchandise Value Trend Analysis, 2021-2030

13.2 Buy Now Pay Later Travel - Average Value Per Transaction Trend Analysis, 2021-2030

13.3 Buy Now Pay Later Travel - Transaction Volume Trend Analysis, 2021-2030

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- 14 Buy Now Pay Later in Media and Entertainment: Market Size and Forecast, 2021-2030
 - 14.1 Buy Now Pay Later Media and Entertainment - Gross Merchandise Value Trend Analysis, 2021-2030
 - 14.2 Buy Now Pay Later Media and Entertainment - Average Value Per Transaction Trend Analysis, 2021-2030
 - 14.3 Buy Now Pay Later Media and Entertainment - Transaction Volume Trend Analysis, 2021-2030

- 15 Buy Now Pay Later in Service: Market Size and Forecast, 2021-2030
 - 15.1 Buy Now Pay Later Service - Gross Merchandise Value Trend Analysis, 2021-2030
 - 15.2 Buy Now Pay Later Service - Average Value Per Transaction Trend Analysis, 2021-2030
 - 15.3 Buy Now Pay Later Service - Transaction Volume Trend Analysis, 2021-2030

- 16 Buy Now Pay Later in Automotive: Market Size and Forecast, 2021-2030
 - 16.1 Buy Now Pay Later Automotive - Gross Merchandise Value Trend Analysis, 2021-2030
 - 16.2 Buy Now Pay Later Automotive - Average Value Per Transaction Trend Analysis, 2021-2030
 - 16.3 Buy Now Pay Later Automotive - Transaction Volume Trend Analysis, 2021-2030

- 17 Buy Now Pay Later in Healthcare and Wellness: Market Size and Forecast, 2021-2030
 - 17.1 Buy Now Pay Later Healthcare and Wellness - Gross Merchandise Value Trend Analysis, 2021-2030
 - 17.2 Buy Now Pay Later Healthcare and Wellness - Average Value Per Transaction Trend Analysis, 2021-2030
 - 17.3 Buy Now Pay Later Healthcare and Wellness - Transaction Volume Trend Analysis, 2021-2030

- 18 Buy Now Pay Later in Others: Market Size and Forecast, 2021-2030
 - 18.1 Buy Now Pay Later Others - Gross Merchandise Value Trend Analysis, 2021-2030
 - 18.2 Buy Now Pay Later Others - Average Value Per Transaction Trend Analysis, 2021-2030
 - 18.3 Buy Now Pay Later Others - Transaction Volume Trend Analysis, 2021-2030

- 19 Buy Now Pay Later Analysis by Consumer Attitude and Behaviour, 2021-2030
 - 19.1 Buy Now Pay Later Spend Share by Age Group, 2024
 - 19.1.1 Buy Now Pay Later by Age Group - Gen Z (15-27) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.1.2 Buy Now Pay Later by Age Group - Millennials (28-44) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.1.3 Buy Now Pay Later by Age Group - Gen X (45 - 60) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.1.4 Buy Now Pay Later by Age Group - Baby Boomers (60+) - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.2 Buy Now Pay Later Spend Share by Default Rate by Age Group, 2024
 - 19.3 Buy Now Pay Later Share by Income, 2024
 - 19.3.1 Buy Now Pay Later by Income Level - Tier 1 - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.3.2 Buy Now Pay Later by Income Level - Tier 2 - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.3.3 Buy Now Pay Later by Income Level - Tier 3 - Gross Merchandise Value Trend Analysis, 2021-2030
 - 19.4 Buy Now Pay Later Gross Merchandise Value Share by Gender, 2024
 - 19.5 Buy Now Pay Later Adoption Rationale, 2024
 - 19.6 Buy Now Pay Later Market - Spend by Monthly Expense Segments, 2024

- 20 Further Reading
 - 20.1 About PayNXT360
 - 20.2 Related Research

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