

SYNERGY UNLOCKED

IGNITING SME & ACCEPTANCE POTENTIAL



Welcome & Opening Remarks



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SMEs at the Center of Growth: Igniting SME Potential



Antonio Cerqueiro
Partner Payments Leader
Bain & Company Latam

Antonio Cerqueiro is a seasoned business leader with over 25 years of consulting experience. As Partner and Payments Leader for Bain & Company in Latin America, he has worked closely with top management teams across major national and multinational corporations, driving strategic initiatives in Financial Services, particularly Payments, as well as in the Retail sector.



**Small Business,
Big Impact:**
Unlocking the SME
Payments Revolution
in LAC Economies





SMEs: Context and Relevance

1

2 Payments Trends





SMEs: Context and Relevance

1

2

Payments Trends

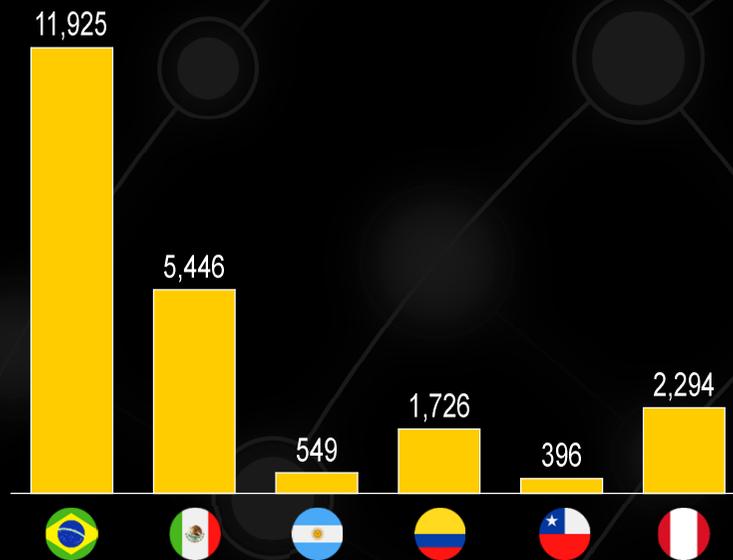


There are +22M SMEs in Latin America and they play a significant – though varying – role across economies

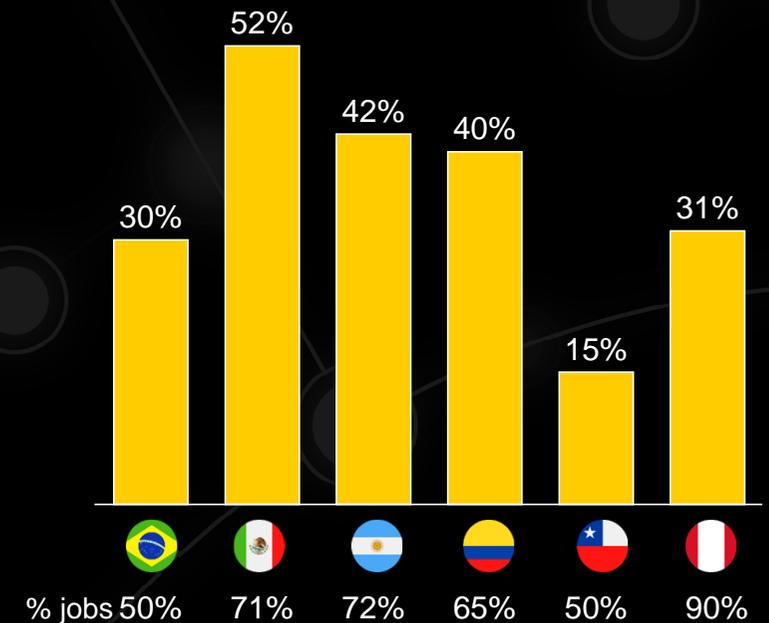
SMEs represent **99.5% of enterprises in the region**, with microenterprises constituting the majority at 88.4% and with nearly **50% of SMEs operating informally**

SMEs by country

Total SMEs by country in thousands, 2023



SMEs' contribution to each country's GDP



Sources: Industry and Agencies reports, News clippings

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SMEs represent 13% of the financial services profit pool. Unlike other segments, payments constitute the primary source of profit

Profit Pool by income segment – Brazil¹

(%)



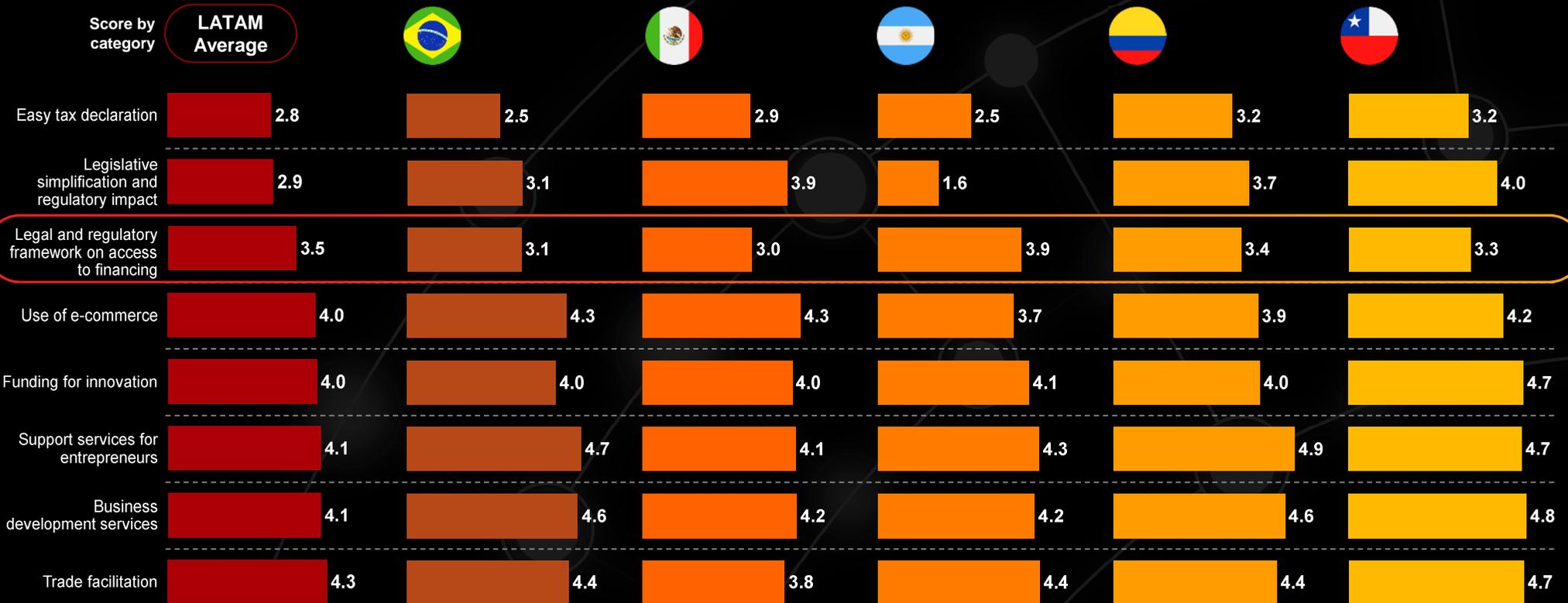
Note: ¹Financial Margin + Service Fees

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SME policy performance remains uneven — financial access and regulation are still pain points across markets

Policy Index for Latin America – scores are on a scale of 1 to 5, with 5 being the highest (fully developed policies)



Note: Overall Average represents the mean value across Brazil, Argentina, Paraguay, Uruguay, Chile, Colombia, Mexico, Peru, and Ecuador; Source: OCDE SME Policy Index for Latin America (2024)

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Challenges faced by SMEs require resilience and constant adaptation

MACROECONOMIC FACTORS

- High interest rates
- Inflation of inputs and costs
- Tax uncertainty
- Tariffs and currency volatility hurt exporters

SALES & BUSINESS MODEL

- Market share pressured by marketplaces and apps
- Pressure to operate omnichannel, to capture customers and sell

TALENT & PEOPLE MANAGEMENT

- Pressure for flexibility, culture, and purpose
- 'Owner's overload
- Increase in the use of contractor-based work
- Low unemployment makes it difficult to attract and retain talent

Pressures are present across business types, though with distinct nuances in each vertical

← PRESSURES BY TYPE OF BUSINESS →



Services

Digital competition from new entrants

Difficulty in scaling compared to larger players

Growing demand for **extreme customization**



Food & restaurants

Growth of intermediaries and apps

Consolidation via networks and **franchises**

Need for **continuous investment in technology**



Industry

Difficulty in competing with imported products

Sustainability and compliance with **environmental standards**

Uncertainties with the political **scenario/tariffs**



Agribusiness

Crop failures and increased input costs

Margins pressured in **small producers**

Difficulty in accessing credit for investments



Retail

Advance of e-commerce, dominance of marketplaces reduces margins

High logistics complexity generated by multiple sales channels



4 factors influence the level of disruption in a market



Unmet needs

Access to **credit**

Accessibility and Affordability of Financial Services

Simple and intuitive journeys



Profit pool attractiveness

Incumbents' margins

Bank Profit Pool



Competitor concentration and strength

Market concentration

Access to a solid and engaged customer base

Reputation



Regulatory support for competition

Regulator's encouragement of a broader and more innovative ecosystem

Regulator's posture towards new entrants

Technological innovations (catalyst)

Emergence and mass adoption of new technologies (e.g. internet, smartphone, AI)



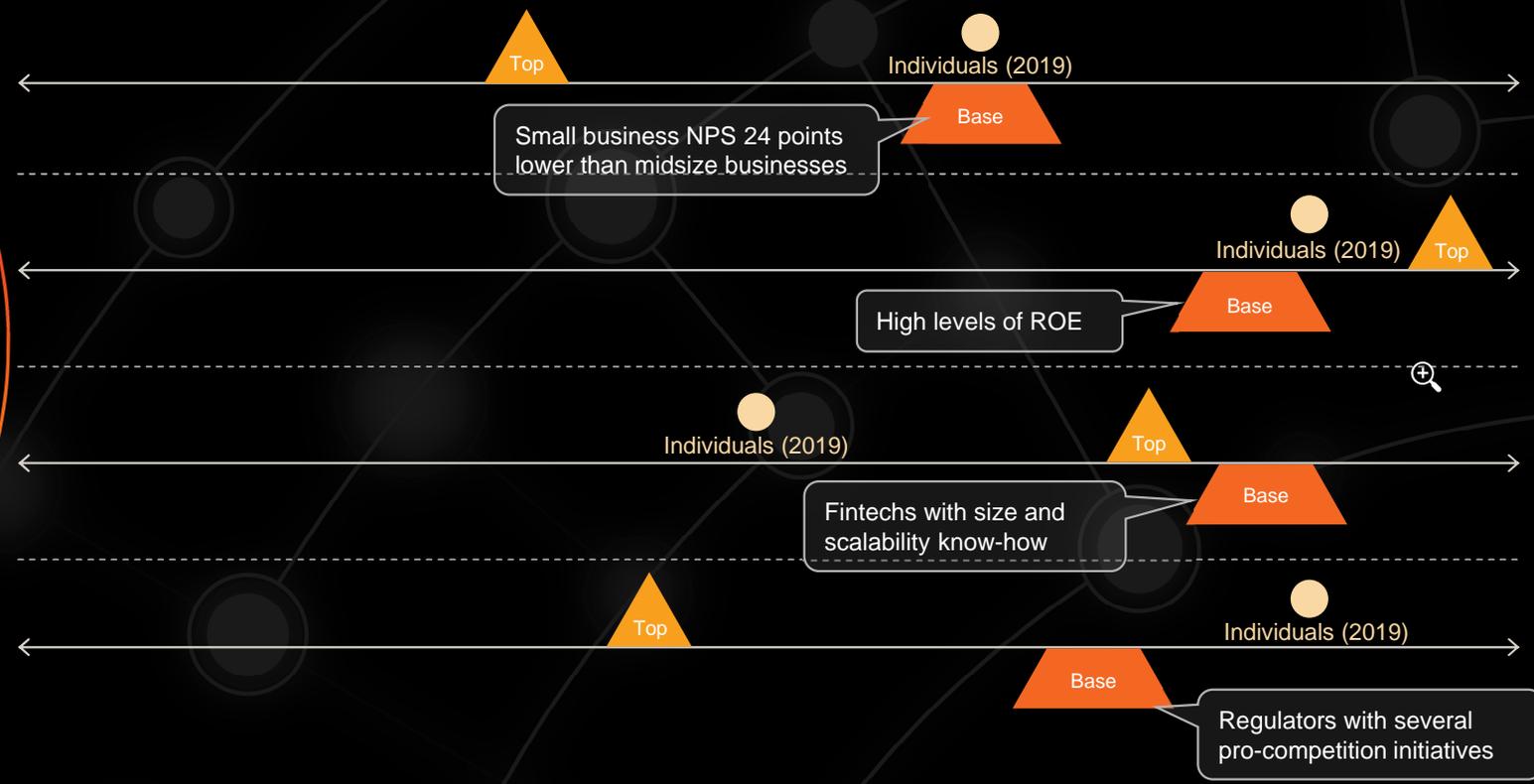
SME market now faces increased disruption potential, especially at the base of the pyramid that shows similar disruption levels to that of individuals in 2019

Base: Micro and Small companies (up to USD200K revenue/year) **Top:** Medium companies (up to USD10M revenue/year)

CONDITIONS INHIBITING DISRUPTIONS

CONDITIONS ENCOURAGING DISRUPTION

-  **Unmet needs**
-  **Profit pool attractiveness**
-  **Competitor concentration and strength**
-  **Regulatory support for competition**



In fact Disruption is already underway, with SMEs actively experimenting with new services and providers



3 out of 5
SMEs used FinTech providers worldwide



MAIN USES OF FINTECHS



Source: OCDE



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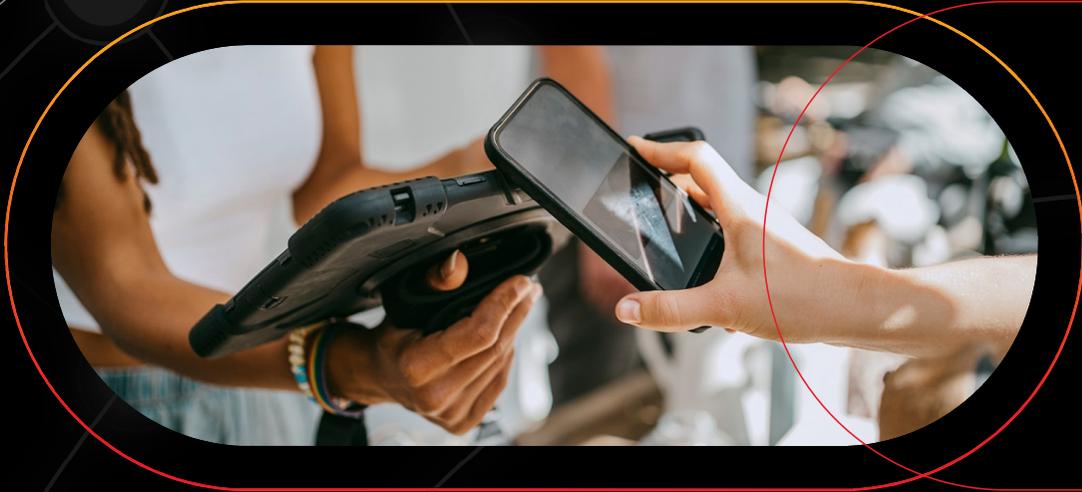


SMEs: Context and Relevance

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Payments Trends



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More specifically, payments in LATAM are being influenced by 6 main trends

1

Consumers' payment behaviors

2

Merchants' pressure & simplification

3

Artificial Intelligence

4

Embedded payments & Big Techs

5

Instant payments (A2A & RTP)

6

Stablecoins & CBDCs



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Consumers' payment behaviors

Macro-economic challenges might slow down consumption and **payment TPV growth in near-term**

Consumer behavior (including continued shift towards e-commerce) will **continue to influence cash displacement** in LATAM

Merchants' pressure & simplification

Merchants **demand for unified payment acceptance, integrated financial services** and adoption of software to **reduce complexity**

Merchants **push for lower costs and cheaper payment options** will have a direct impact on revenue pool growth

Artificial Intelligence

Biggest opportunities on **processes that interface with merchants and customers** (more unstructured data)

New GenAI-powered consumer interface players are entering the market with disruptive solutions; **Potential disintermediation threat**, specially in payments

Embedded payments & Big Techs

Platform and retailers are well positioned to **capture portion of market with embedded payments**

Incumbent financial institutions face **threats of shifting economics** across the profit pool as **non-FI players leverage BaaS to expand offering**

Instant payments (A2A & RTP)

Promotion of **instant payments with potential** to not only disrupt payments but also other services as **players develop alternative solutions on top of A2A rails**

Stablecoins & CBDCs

Stablecoins have a **clear value proposition** and potential to **disrupt cross-border payments** with better **cost and speed**

CBDCs are in **differing stages of development by country**, but overall are **less mature**

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Consumer purchasing behavior has been changing and is boosting cash displacement across Latam countries

1

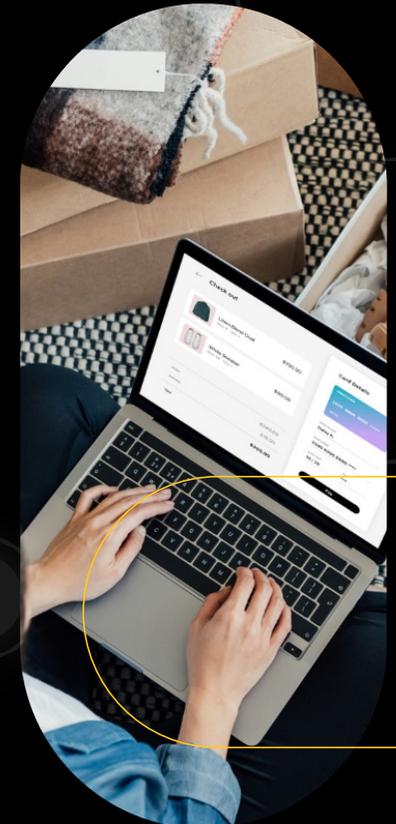
Consumers are more cautious about their spending

- Consumers are increasingly **more concerned** about cost of living, instability and politics in their countries
- They are reacting by being more **cautious about their purchasing habits**
 - Purchasing fewer items and saving more money
- **Level of trust** in financial institutions has **substantial discrepancy among countries and types of institutions**

2

They are also more digital

- Consumers are getting even more digital and **e-commerce penetration is expected to continue increasing**
- Digitalization of consumption will **further increase relevance of electronic payments**, but as a combination of multiple alternative rails
 - E.g. Pix already a significant payment method for e-commerce in Brazil



Consumers are becoming more conscious about their purchases

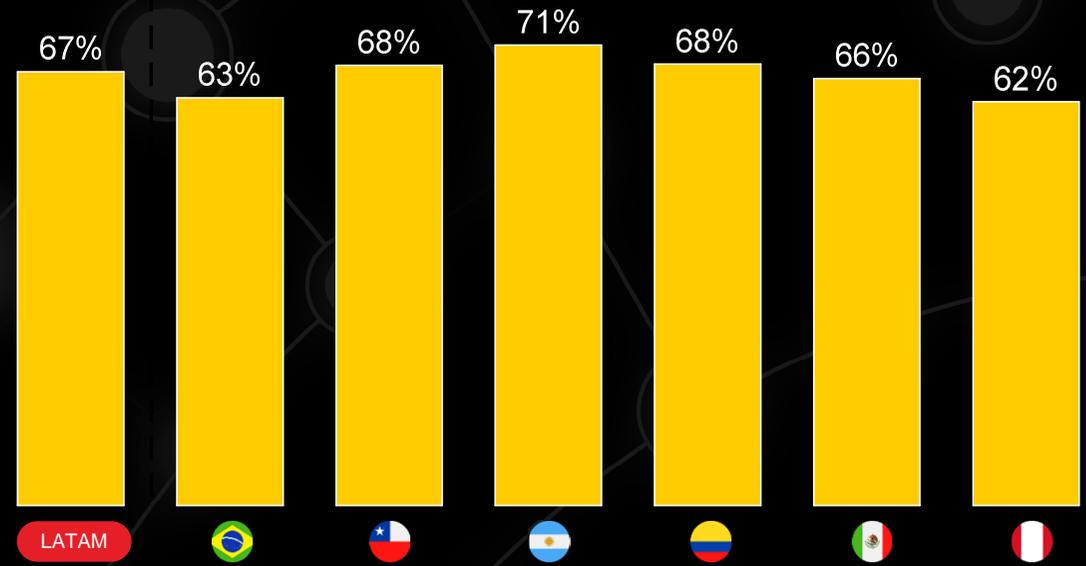
The price increase perception across categories is consistent among Latam countries



of consumers noticed an increase in prices in the last 3 months

Consumers are starting to respond to that...

Change of spending habits in past 3 months & reasons for expense reduction
% respondents actively trying to reduce spending



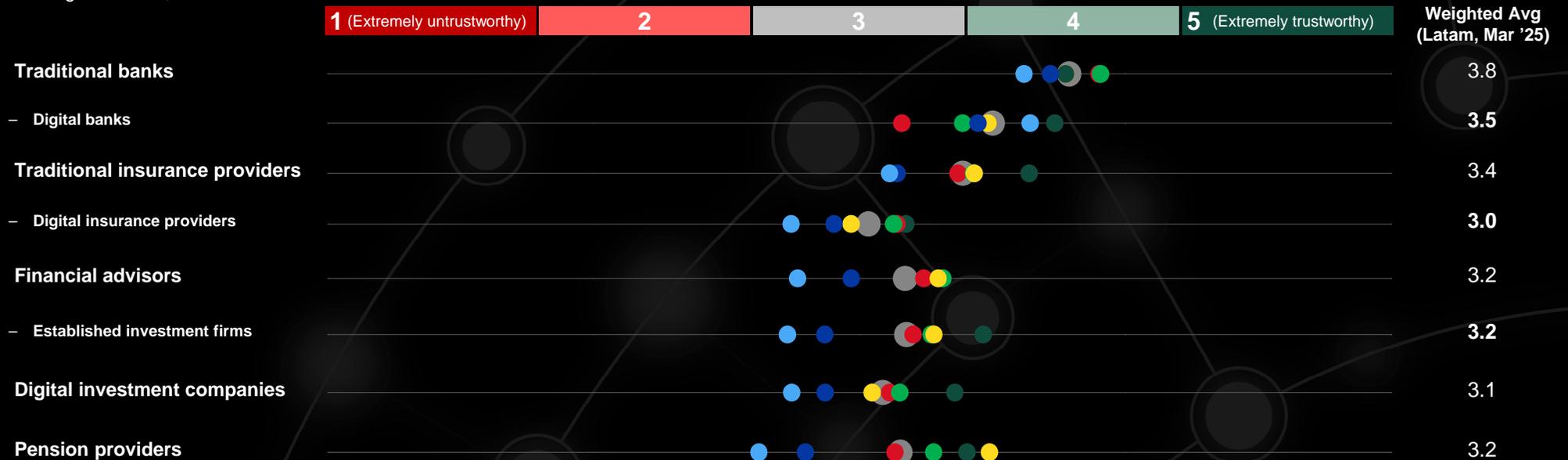
Note: The question about "change of spending habits" was only asked to respondents who have either actively reduced their spending or are planning to reduce their spending
Source: Bain LATAM Consumer/Shopper Survey, powered by Offerwise; -Nov 2024

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Level of trust in financial institutions has substantial discrepancy among countries and types of institutions



Level of trustworthiness
Average in Latam, Mar '25



Q: How would you rate the following options in terms of their reliability?

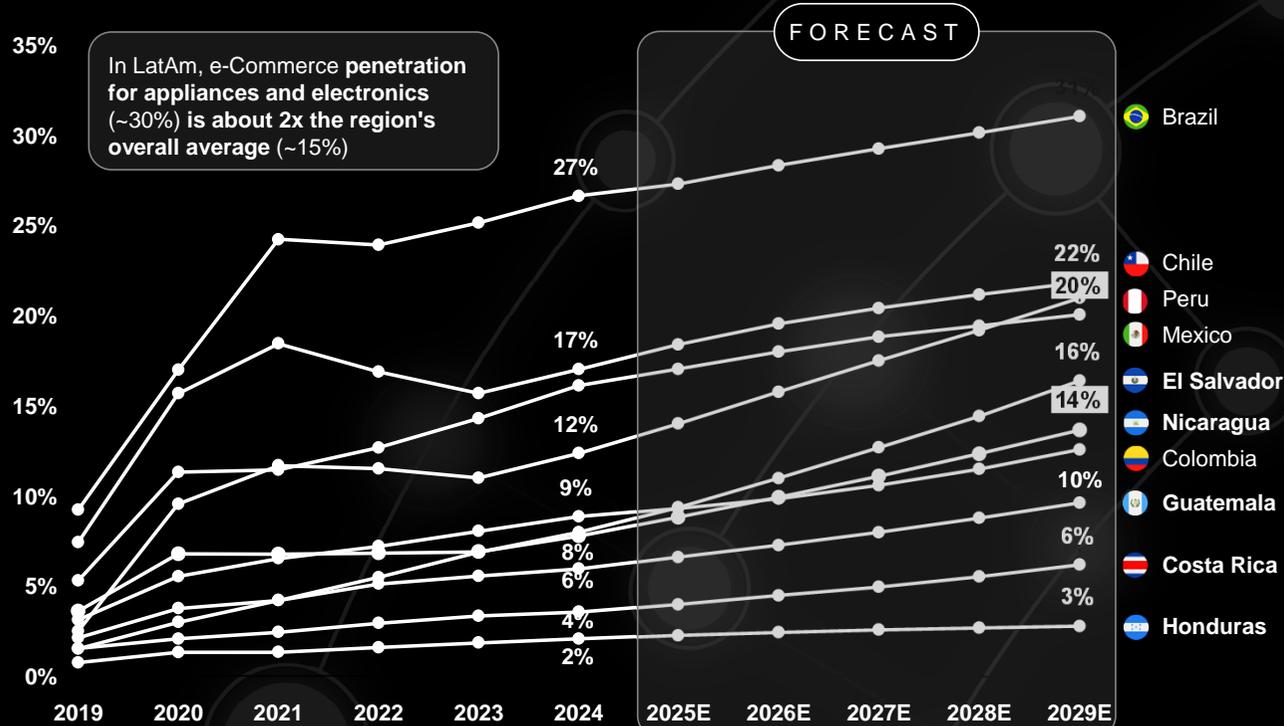
Notes: All scores are averages, Source: Bain LATAM Consumer/Shopper Survey, powered by Offerwise; Mar '25, N=7792 (Brazil = 2068; Argentina: 1117; Chile: 1128; Colombia: 1058; México: 1181; Perú: 1240)

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Consumers are getting even more digital – E-commerce already captures +15% of retail sales in Latam and penetration is expected to keep increasing

Retail e-Commerce penetration
(%, 2019-2029E)



KEY HIGHLIGHTS

E-commerce growth is accelerating across markets, expanding opportunities to offer credit and financing at digital points of sale

Consumer readiness is notably higher in durables product segments such as appliances and electronics, with e-Commerce penetration (~30%) significantly surpassing the regional average (~15%)

Digital payments—especially real-time and cardless options—are becoming the norm, requiring retailers to **expand beyond in-store credit to include mobile and online financing**

Retailers can leverage digital retail growth to **integrate financing into online journeys**, including services like BNPL, credit pre-approval, and wallet-linked payments



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Merchants' behavior is also evolving – They are pushing for digital, integrated servicing and lower costs

1

Merchants are promoting electronic payments

- **Merchants have been promoting electronic payment** among customers to reduce operation complexity and costs
- Merchants are actively **promoting A2A as payment method** for both online and in-store purchases due to lower costs

2

Seeking to reduce operational complexity

- Growing merchant **demand for unified payment acceptance** (cards + QR + instant payments) to reduce fragmentation
- **Increase in use of Management software** among small and individual merchants to simplify and sophisticate operations
- **Greater satisfaction** generated through **integrated offer of acquiring and banking services**

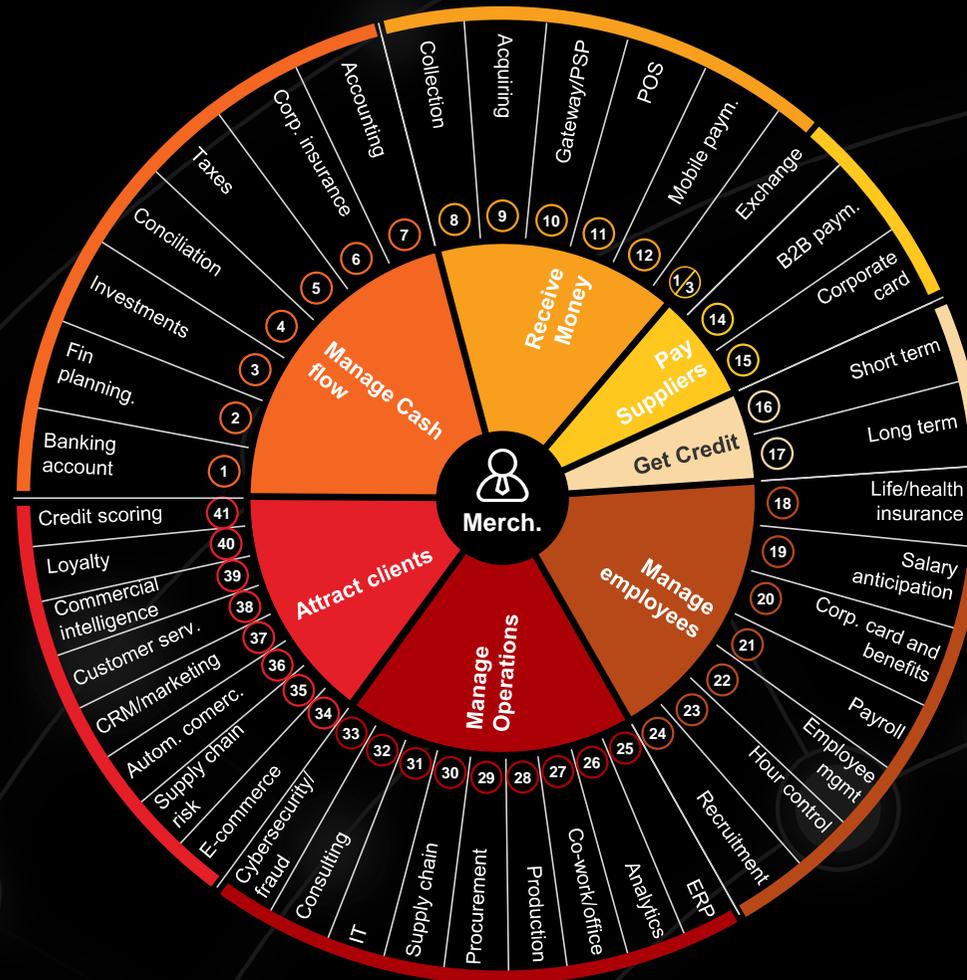
3

and pushing for lower costs

- Merchants are **concerned about costs** when choosing an acquirer
 - **MDR and prepayment** options are cited by **~50%** of merchants each, as one of **top 3 criteria when selecting acquirers**
- **Incumbents** have been **responding** to it and were able to **close the NPS gap vs insurgents**



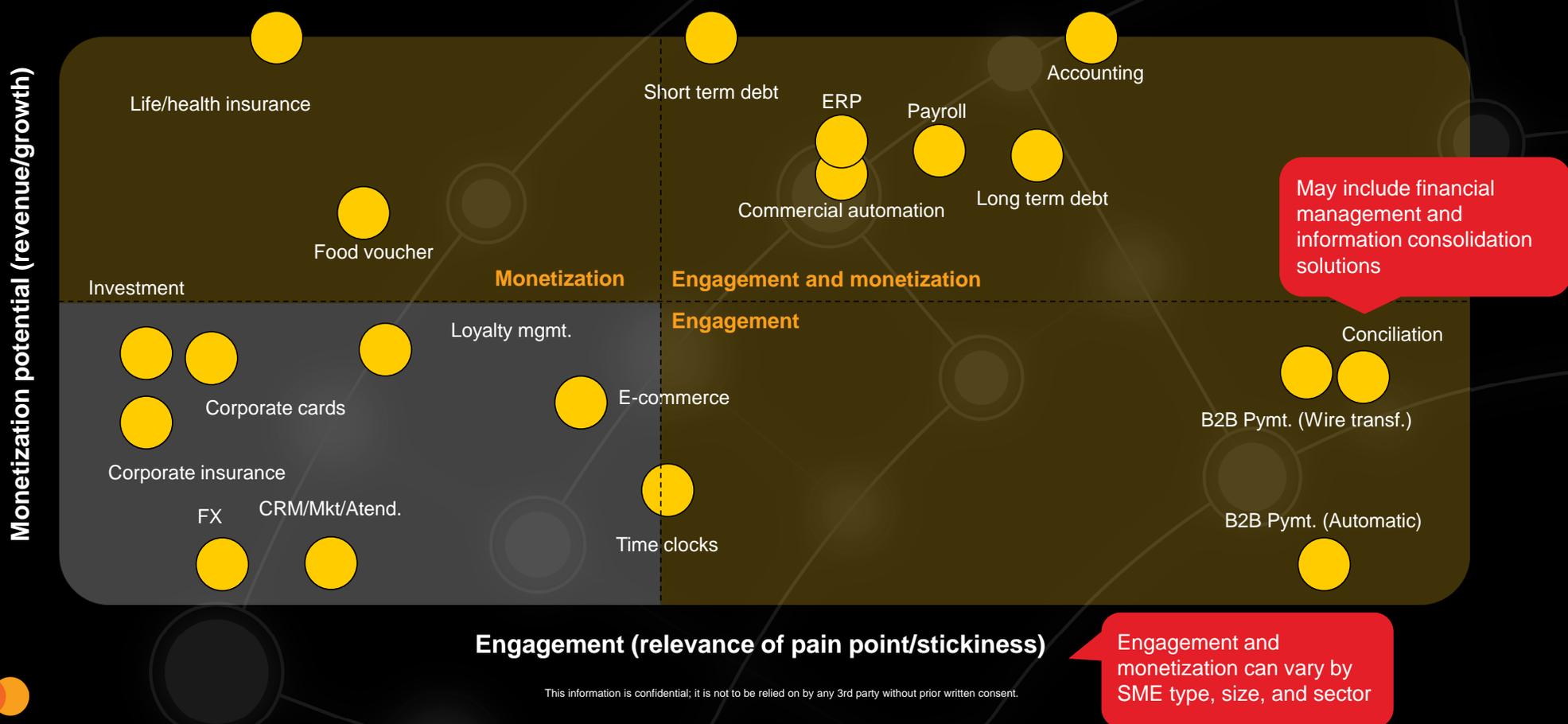
SMEs have a broad set of needs — from managing cash flow to attracting customers — many of which are closely linked to financial services

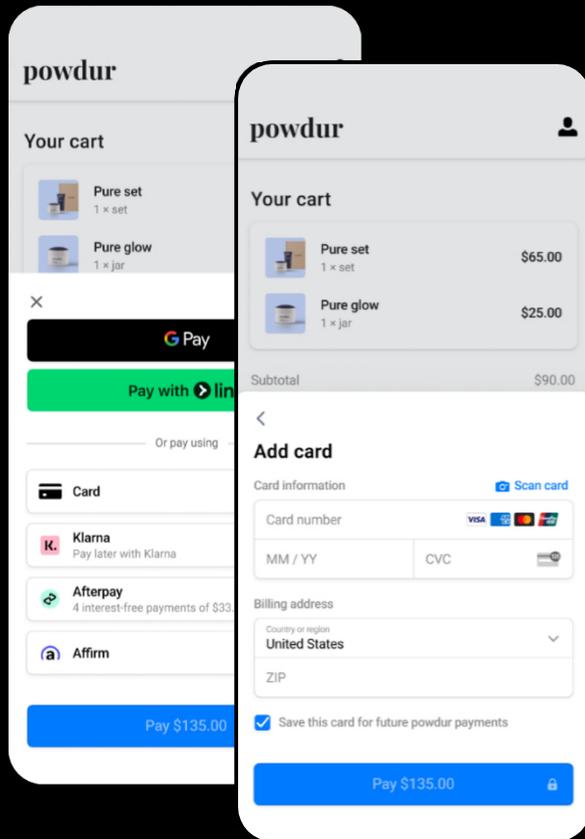


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Integrated offers for SME aim to satisfy their needs, while allowing payment providers to tap into new profit pools and to increase customer retention





About

Global financial infrastructure platform that provides payments, banking, and credit services for all types of digital businesses (40+ countries and 135+ currencies).
Estimated valuation of US\$90B (2025).

Target segment

- Startups and tech companies
- Marketplaces and platforms
- Subscription-based companies
- Global and multinational companies

Financial Services and Products

Stripe Payments

Stripe Billing

Stripe Connect

Stripe Payout

Stripe Issuing

Stripe Treasury

Stripe Capital

Stripe Atlas

Differentiators

Deep integration with payments and cash management, operating across every step of the journey

No personal guarantees: high credit limits based on real-time operational performance

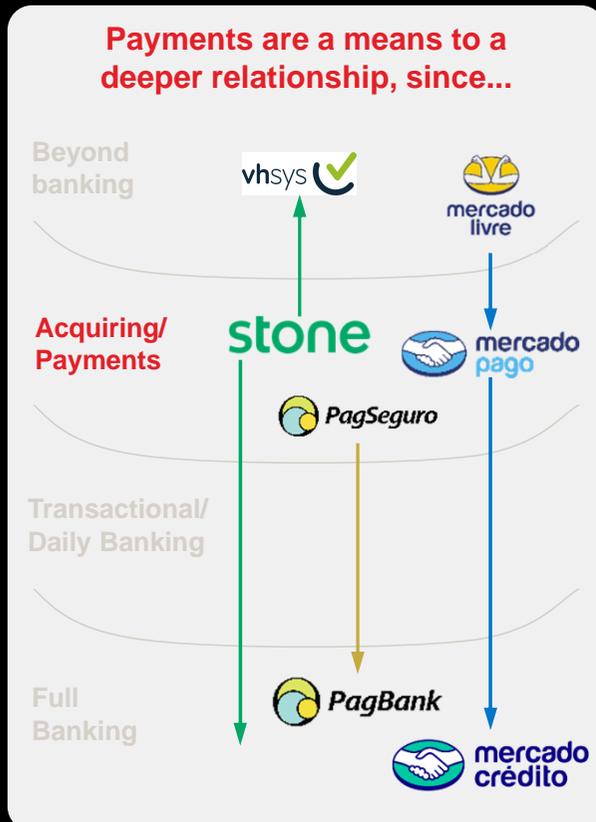
Embedded financing model: capital exactly when needed

Source: Lit. search, Bain Database

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For FS providers payments is not only relevant by itself, but also as a way to promote client's primacy and access more robust profit pools (e.g., Credit)



... With payments and account

- There is possibility to offer a **more robust integrated offer to receive** (all payment methods) and for **conciliation**
- **Payments drive clients' stickiness/ engagement, gives more data and possibilities to offer credit products – lock-in the relationship**
- **Players combining acquiring and banking present higher NPS and primacy**

Banks are being threatened and are acting on it

Itaú diz que está integrando **adquirência e banking** e que Rede terá resultados **'históricos'**



Cielo acelera integração com bancos e vê IA como **'maior revolução tecnológica'**

Fechamento de capital permitiu acelerar sinergias com os acionistas Bradesco e BB, diz CIO



CNN MONEY

BTG Pactual entra no mercado de **adquirência** com o BTG Pay



Data show that value captured is higher with integrated acquiring and banking offers

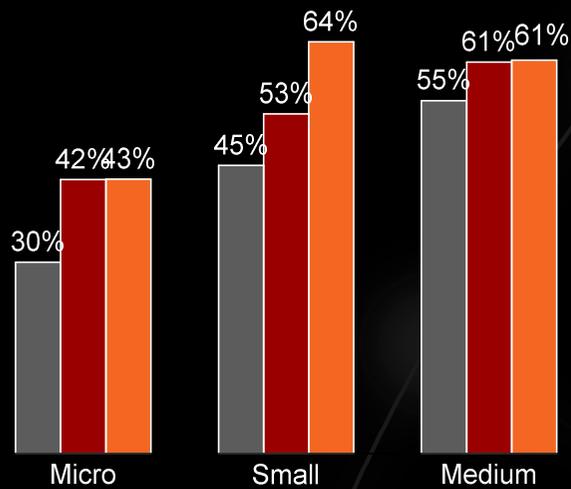
Clients with main acquiring and primary bank account from same provider ...

 ... are more satisfied

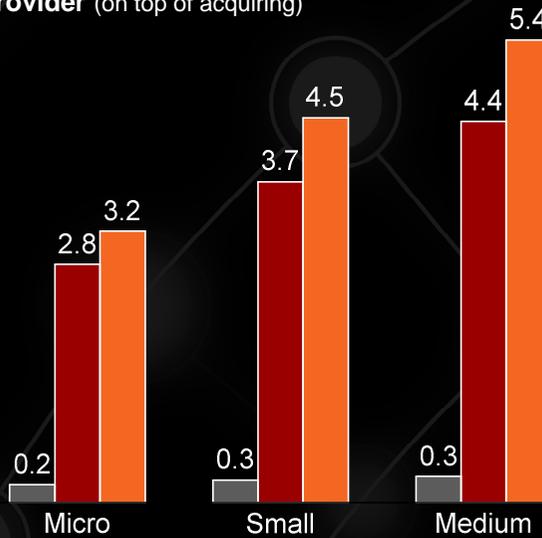
 ... hire more products

 ... stay around longer

Main acquirer NPS

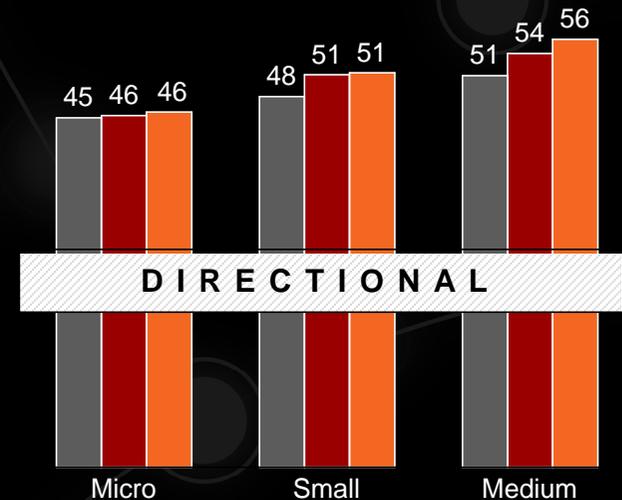


Avg number of products from acquiring provider (on top of acquiring)



Average lifetime in months

(Companies with at least 4 Years of operation and 1 year with acquiring)



■ No account from main acquirer

■ With account from main acquirer

■ With primary account from main acquirer



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There are a set of payments specific GenAI use cases, as well as a range of industry-agnostic GenAI use cases that payments companies can implement

 **PAYMENTS-SPECIFIC USE CASES**

- Onboarding
- Purchase, Invoice and Billing
- Payment and Reconciliation
- Risk and Fraud
- Data & Analytics

Focus of discussion today

 **INDUSTRY-AGNOSTIC USE CASES**

Marketing		Sales and product	
Personalized digital customer engagement	Marketing content generation	Personalized product recommendations	Tailored lead activation
Social Media Engagement	Consumer sentiment/brand awareness	Client outreach and client meeting/pitch preparation	Semantic search for product information & policies
Marketing campaign results/survey analysis	Media mix/paid search optimization	Market trends analysis for product development	Sales/RM client interaction coaching/training
Customer service and contact centers		General Administrative/HR	
Call interactions summary & call reason analysis	Enhanced interactive voice response (IVR)	Generate employee communications	Report/summary generation
Service rep real-time coaching or nudges	24/7 digital assistant to interact with customers	Personalized learning	Employee self-service/knowledge management
Interaction insights and follow-up actions	Optimization of internal processes (ticket system)	Personalized interviews	Role description generation
Data & Analytics/Software engineering			
Code debugger/assistant	Code generation/translation	Data mgmt. assistant	Data extraction & entry automation



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Different players will benefit from implementing GenAI at different points in the cycle; Card issuers and acquirers have the largest value creation potential

Payments player

Value creation opportunity

 CARD ISSUERS

Automate KYC/KYB, streamline **customer account set-up**, and provide customers with **interactive expense management** and **spend analysis tools**

 CARD SCHEMES

Query consumers and **provide merchants with updates** during the dispute process and to inform their fraud-detection models

 PAYMENT GATEWAYS

Boost authorization rates by asking consumers follow-up questions about suspicious transactions

 BANKS/MERCHANT ACQUIRERS

Streamline merchant onboarding, allow merchants & suppliers to **understand their customers' payment behavior** and provide updates on key spend metrics (including total cost of payment)

 MERCHANTS/SUPPLIERS

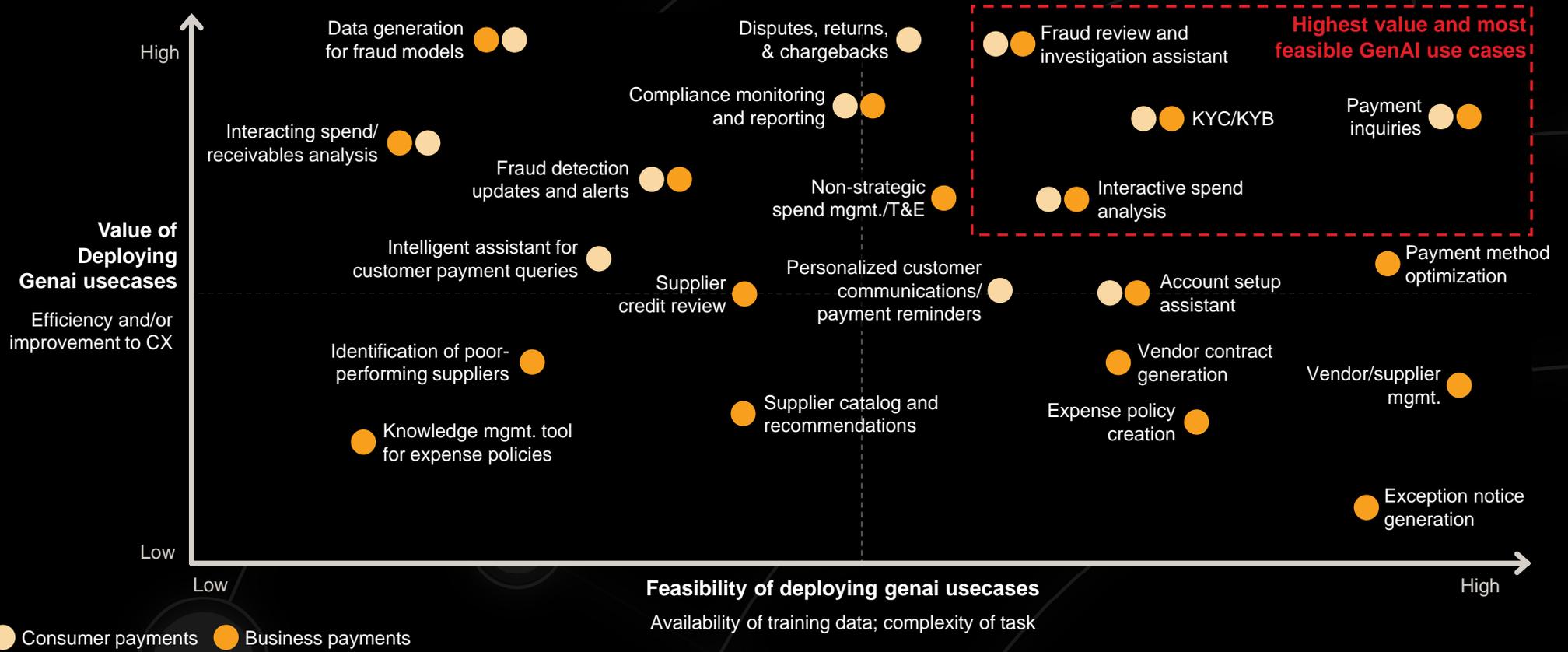
Boost authorization rates, reduce shopping cart abandonment, **manage total cost of payments** by reducing exception handling

 AP/AR SOFTWARE

Allow buyers and suppliers to search, vet, and manage counterparties; **generate vendor contracts, and invoices**; and **optimize payment method and collections**



The highest value and most feasible use cases for language models in payments relate to fraud, spend analytics, KYC/KYB, and payment inquiries

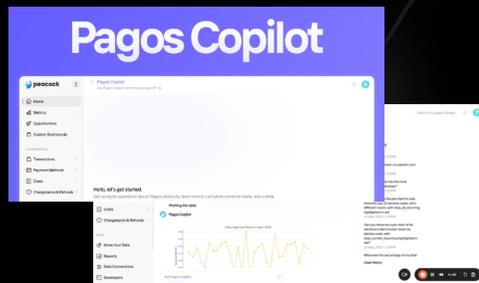


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Payments players are already deploying Generative AI across a number of use cases



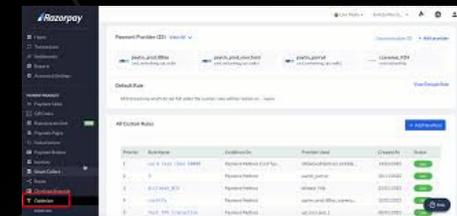
Payments **analysis solution** and payments **processing assistant**. Helps derive insights from raw data extractions, answer questions and get trends



New generation AI tools focused on B2B solutions, including **AR reconciliation**, **data analysis** and performance



AI- powered tool focused on payments processing designed to support **transaction optimization** and surge of **success rates** on payments



Source: Company websites; Lit. search



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Payments players are already deploying Generative AI across a number of use cases



Knowledge assistant

Helps replying questions on the industry, products functions and best practices to employ, working as a **search engine for product documentation**

Raw data insight generator

Provides direct **insights from proprietary data** with direct interaction with Pagos Co-pilot.

In-depth analytics chatbot

Deep-dive into **payments data analytics** through AI-powered chatbot that provides detailed summaries, graphs over time or measurement for specific data segments



Finance co-pilot

Focused on Accounts Receivables (AR), it pulls data from multiple sources to provide a **unified view of AP performance**; highly customizable, helps tailoring the solution and setting up custom workflows, KPIs and alerts. Supports risk management by **identifying potential risks**, including late payments and bad debt

Cash application

Reconciles data on overall matching performance, match volume and payment volume at a **buyer/payer level** while **recognizing trends** at multiple levels of detail across different KPIs

Payments analytics dashboard

Offer **enhanced data analysis capabilities** including flexible time series visualization, multi-series data representation, interactive KPIs with drill-down features, comparative data examination and competitive benchmarking.



Optimizer

AI powered tool **for payments processing** companies with more than one gateway. This Optimizer tool analyses **millions of data points** to route transactions to the **best performing gateway** with one integration system. The solution also includes configuration of new payment gateways, **optimization of transaction costs** and access to DIY dashboards on own payments, refund and settlement details in one place. **10% surge in success rate** on average using this product, as shared by Razorpay.



New GenAI-powered consumer interface players are entering the market with disruptive solutions, reshaping how consumers interact with financial services

Magie is one example of a startup that is already moving customer towards those new interactions



Magie offers **financial services through WhatsApp** by **integrating with banks** using Open Finance



Recent announcements



R\$ 1B in transaction volume
Accounts for individuals and SMEs
Distributor of financial products do not offer their own credit

Marketplace players are beginning to develop agentic AI interfaces, with potential to expand into financial services

Players entering the market are offering two types of solutions



Conversational assistance

- Execute **transactions** and provide **financial guidance** through chat or voice
- Banks are already adopting these solutions as a proven way to cut costs and streamline operations



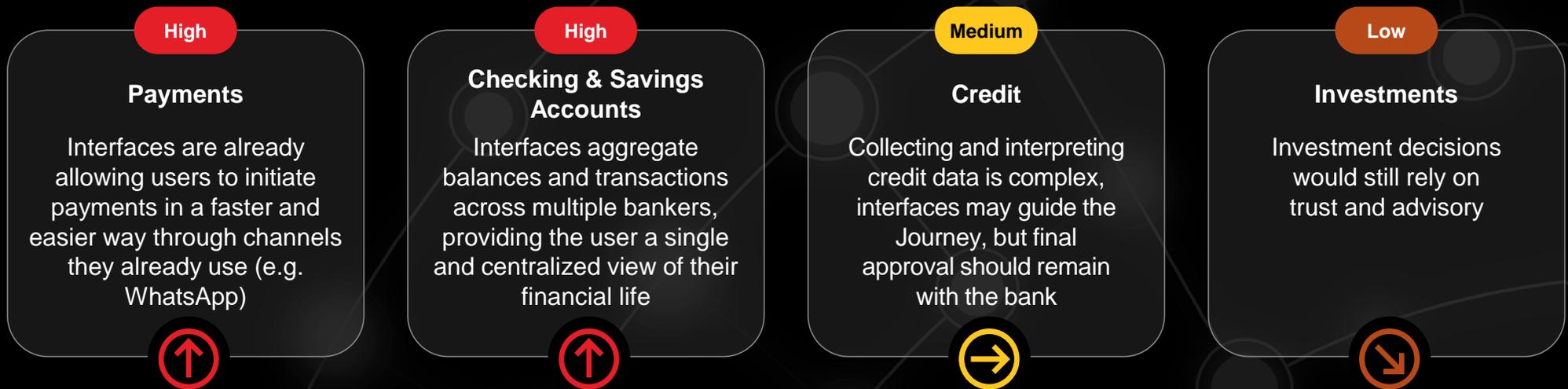
Open finance integrator

- Orchestrate transactions across institutions, acting **on behalf of the user**
- Considering open finance integration, banks should think strategically how to position for it



Traditional banks face the risk of disintermediation, especially in transactional services; fight for customer engagement is likely to increase

Probability of bank disintermediation by new interfaces



Without daily interface control, banks risk losing customer engagement/battle for attention and consequently its primacy



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What is embedded finance?

We define embedded finance as a **nonfinancial software platform providing an adjacent financial service**, for which it takes some degree of economic ownership. This allows the platform's customers to take advantage of a value-added offering **within the native customer journey**

CHARACTERISTICS

Non-financial platform



Financial service offering



Native digital experience



Economic ownership



Differentiated experience



PLATFORM VALUE ADDED OFFERING (EXAMPLES)

Cards



BNPL



Digital Wallets



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Value Added Software: two categories divided in generic VAS software that applies for all verticals and specific features for sectors



Features in VAS functions that can be used in payments systems regardless of verticals

Features in VAS functions that add value to each specific vertical and differ from one another

- Retail**
- Supermarkets**
- Restaurants**
- Services**

Conciliation Tools



- Analytic and BI tools
- Sales reports – online and in-store
- ERP functionalities



Digital receipts
(SMS, email)



Employee management
(sales tracking, shifts, payroll...)

Marketing Tools



- CRM software
- Loyalty features
- Email system



Gift cards
(physical and digital)

eCommerce



- Online Store
- PayFac offering
- Payment links



Feedback/NPS application



Inventory management



Multichannel integration



Retail Marketing Tool (points, customer groups)



In-store checkout (barcode scanner)



Table-side pymts.



Entry-level ERP

Delivery app integ.



Table/kitchen mgmt and check/ Bill splitting



Appointment scheduling



Entry level ERP software

More nimble payment companies are reacting to ISV threat by investing heavily in partnerships and acquisitions of SaaS players

PARTNERSHIP



Both **PayCos** and **ISVs** propose the **partner solutions** to their prospect customers, either as exclusive go-to provider or as part of a partner panel



Netherlands based "Mollie" has partnered with **multiple SaaS** providers like **Virtuagym** (fitness software provider), **SimplyDelivery** (cloud-native software for restaurants)



UK-based PSP "GoCardless" has partnered with **Xero** (cloud-based accounting for SMEs), **Zuora** (subscription mgmt.)



Adyen has accelerated **partnerships across channels, verticals and geographies**; tied up with **Mews** (property mgmt. software for hotels), **L'addition** (ECR software for restaurants)

ACQUISITIONS



PayCo acquires **ISV** to integrate its payment offering with SaaS solution and **retain the brand intimacy with the merchants**



UK fintech **SumUp** acquired **Tiller** (leading SaaS with 8K+ clients) and **Goodtill** (POS software provider) in restaurant & hospitality sectors



Planet **acquired Proximis** (SaaS for retail), **Protel** (SaaS for hotels) to provide enhanced offerings, VAS, and differentiate from other providers



Nexi (through Concardis) acquired **Orderbird** for ~\$150mn; provides integrated software solutions for hospitality merchants (order processing, business insights, etc)

Source: Lit Search, Bain analysis

Disruptive players who create integrated services via partnerships / acquisitions will be winners; pure play payments players risk losing share to richer value propositions

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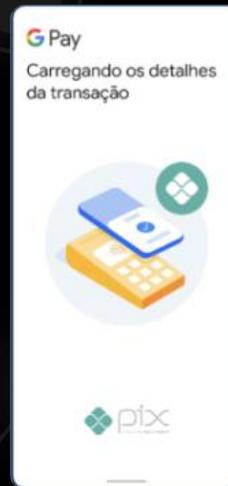
Tech companies and platforms are well positioned to capture payments revenues given their strong customer interfaces



Mercado Pago, ML's Financial Services arm, accounts for ~50% of ML Revenue and is a **certified Digital Bank** in many countries like Brazil



Google launched "**Pix contactless**" on **GPay**, a feature that allows Google Wallet to initiate Pix payments outside the bank's app using NFC solution



WhatsApp is **starting to advance into financial services**. It has experimented with P2P transfers and now has launched P2B, with fees of ~4% and T+2 settlement



There are however multiple headwinds challenging big techs' entry and success in payments

Challenges

Regulators and competition can act as hurdles for big techs moving into payments

REGULATIONS



WhatsApp facing regulatory setbacks against PIX in Brazil

- Difficulty in obtaining approval by Central Bank for payment transfers
- Local firms obligated to participate directly with PIX



Apple has so far bypassed regulation by partnering with Goldman Sachs

- Leveraging well established infra & banking license of Goldman Sachs in US
- CFPB¹ closely inspecting Apple's move in BNPL (Apple Pay Later)



People bank of China launched CBDC² to challenge duopoly of Alipay & WeChat Pay



NPCI³ capped market share for UPI apps at 30% of overall payment volume to ensure parity of players

COMPETITOR STRATEGY



WhatsApp Pay facing structural disadvantages compared to PIX



- Limited payment infrastructure, higher cost for merchants



Amazon Pay struggling to gain market share against market leaders



- PhonePe & Google Pay lead ~80% of UPI market in India

Right to win

Local presence and alignment to market structure are key to accelerate expansion

UNDERSTANDING MARKET STRUCTURE (PARTNER/BUY)



Alibaba leveraged partnership with local players to expand in SEA instead of ground-up establishment

- Launched Alipay+ in 2020, a cross-border payments and marketing solution, serving as an infrastructure layer for other e-wallets
- Partnered with 13+ banks and e-wallets to capture digital savvy users

KEEPING WITH TRENDS



PhonePe shifted focus during pandemic to essential user requirements - became market leader despite Google Pay's heavy investment in country

- Recharges/bills, grocery and medical purchases
- Onboard local merchant partners across categories

LEVERAGING LOCAL PRESENCE

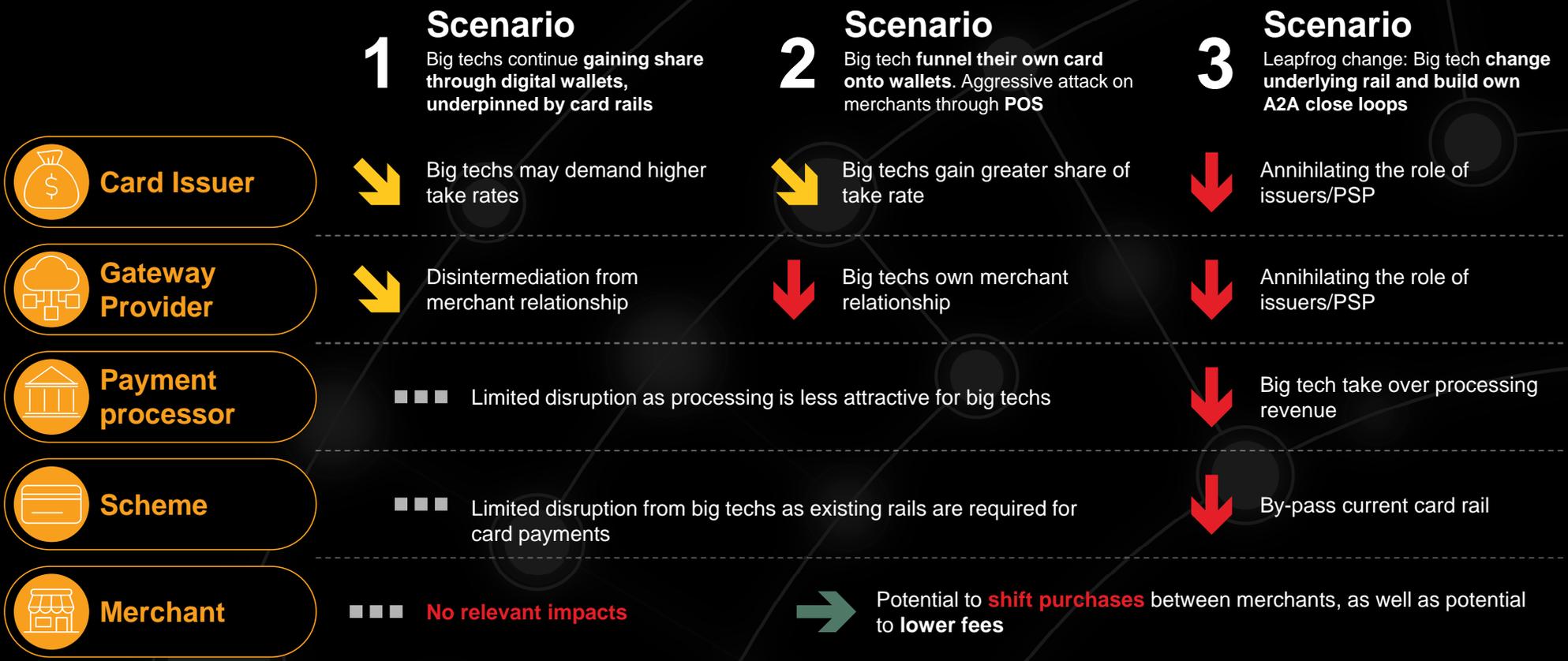


Mercado Pago predominant in Argentina given stronger domestic presence as compared to Brazil

- Fragmented market in Brazil vs clear dominance in Argentina
- Created network effect by leveraging strong eComm user base and merchants; Invested in cash-backs to encourage APM adoption

Note: (1) CFPB: Consumer Financial Protection Bureau; (2) CBDC: Central Bank Digital Currency; (3) NPCI: National Payments Corporation of India
Source: Bain analysis, Secondary research

Competition will intensify in different degrees, with alternative scenarios of potential revenue shifts being feasible



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Big Techs are facing important challenges in their core businesses, and showing limited interest in moving beyond payments in Latam, especially in Brazil



Meta

Google



amazon

FS STRATEGY IN BRAZIL

"We've launched payments on Whatsapp in Brazil to make it easier for people to complete transactions directly within the chat, not as a competitor to Pix, but to enhance the experience"
Meta Brazil spokesperson, 2024

"Google Pay was authorized by Brazil's Central Bank as a payment initiation provider, enabling users to make transfers directly through the platform"
Google statement via Brazilian press, 2022

"Apple Pay is now accepted for Apple Account payments in Brazil, offering users a seamless way to pay for subscriptions and digital services"
Apple press release, 2025

Amazon has no formal financial services presence in Brazil, its operations remain focused on retail, with no indication of local FS expansion

INTENTION TO ENTER FS PRODUCTS OTHER THAN PAYMENTS

Low

Low

Medium

Low

STRENGTH IN THE BRAZILIAN MARKET

High

High

Medium

Low



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6

Stablecoins & CBDCs



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In Latin America, many countries have been deploying instant payments solutions with different levels of maturity

CENTRAL BANK LEAD

CO-EXISTING OPTIONS

Brazil



High

Launched in **2020**, developed by **Brazil Central Bank** to increase efficiency and speed of transactions

It enables transfers between **individuals, individuals and business and business to business**

Transfers can be made in **multiple ways** – scan QR Code, CNPJ, CPF, Telephone number, unique key

Argentina



Medium

Launched in **2020**, Transferencias 3.0 developed by the **Central Bank of Argentina** to promote formation of open and universal digital payment ecosystem, to favor financial inclusion in the country

It only enables transfers **between individuals and businesses**

Transfer is made by scanning merchant's **QR code**

Mexico



Low

Launched in **2018**, developed by **Bank of Mexico** to help transition from a cash-based society to a cashless economy

It only enables transfers **between individuals and businesses**

Transfer is made by either scanning a merchant's **QR code**, or by using an **NFC-enabled terminal**, and then authorizing payment via phone

Colombia



Medium

Launched in **2019**, Transfiya was developed by **Minka** (a Fintech firm) in partnership with **ACH Colombia**

It enables transfers **between individuals**, and between **individuals and small merchants**. Other functions, such as B2B payments and QR codes are still being developed

Bre-B, developed by the central bank was recently launched

Peru



Low

IIT official solution launched in 2016. It struggled to scale and in 2020 was announced partnership with Mastercard and ACI to modernize solution

Until now PLIN (launched in 2020) and **Yape** (launched in 2017) are the two most used instant payments platforms

To boost financial inclusion, the Central Bank has set for the **platforms to be interoperable**

Planning to launch UPI based platform

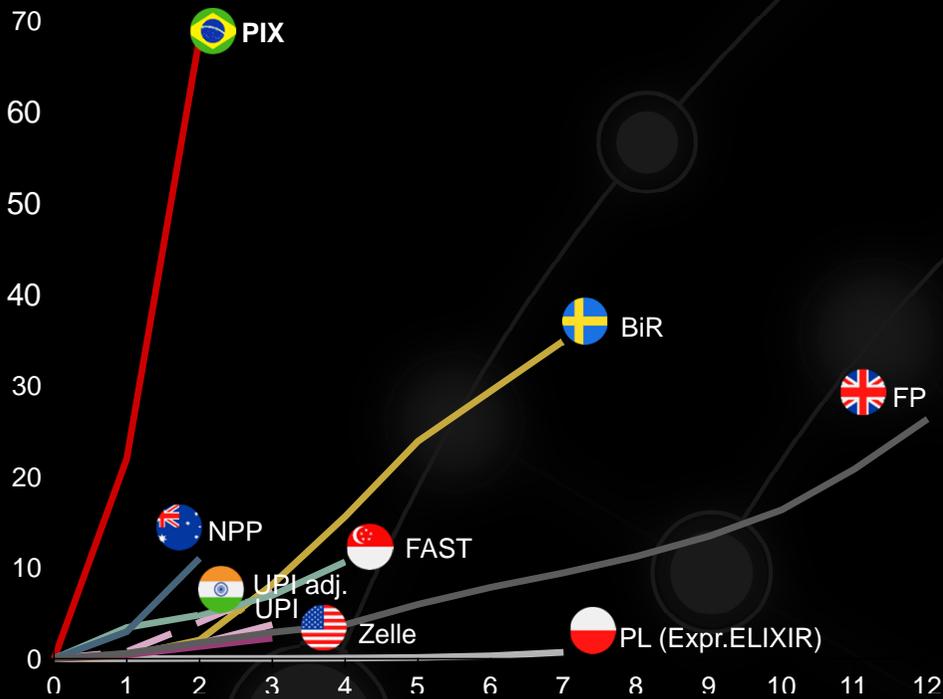
Maturity



PIX exceeds all instant payment adoption standards in both P2P and C2B transactions

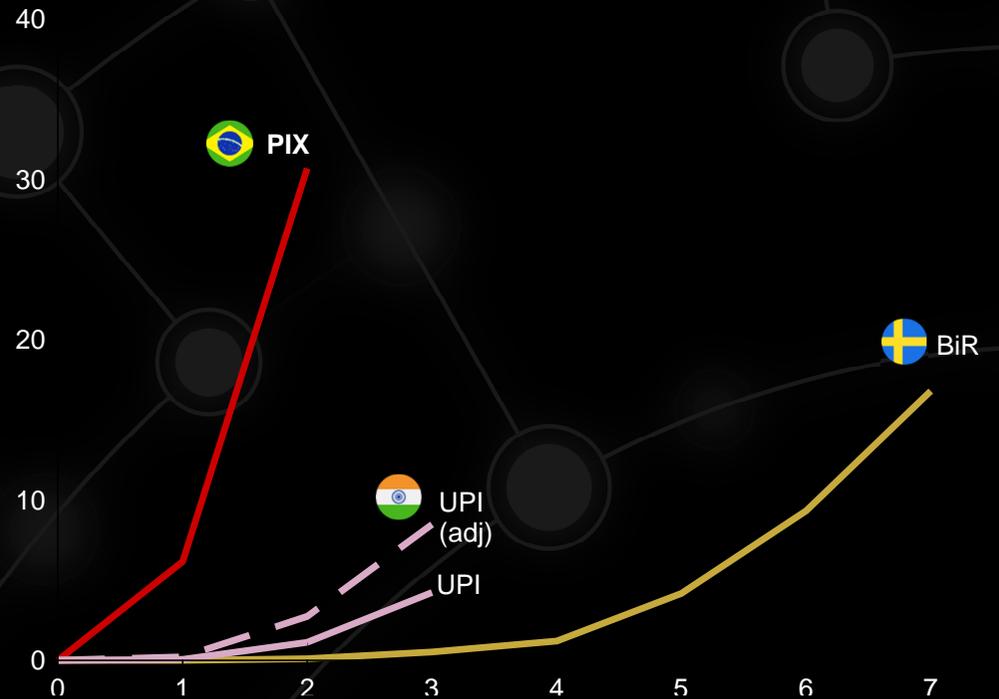
P2P

P2P transactions per capita
(transactions/inhabitant/year; year after posting)



C2B

C2B transactions per capita
(transactions/inhabitant/year; year after posting)



reports

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Broad roadmap of features created on top of Pix



2020 – RELEASE

- Data manual input (with keys)
- Static and dynamic QR Code
- Data manual input (TED model)
- Instant payments
- Alias (3 options)

2021-2025 – NEW FEATURES

- PIX Cobrança
- PIX Saque
- PIX Troco
- Contactless PIX
- Automatic PIX
- Chargeback mechanism (MED)

2025+ - FUTURE DEVELOPMENTS

- PIX in installments
- Improved MED
- Guaranteed PIX
- Offline transactions



Many companies are developing alternative solutions on top of Pix, bringing additional services that go beyond what is currently offered by BCB

Fintechs/Financial institutions as providers

Pix Installments via fintechs

Payment in installments via PIX for partner merchants, in the Buy Now Pay Later model (4 installments).

Fees are applied to merchants, which receive all transaction value in T+1

Credit risk remains with PagaLeve



Banks/acquirers as providers

Pix payments in the POS via QR codes

PIX payments are facilitated at the point of sale (POS) via the merchant's pix QR code, simplifying the payment confirmation for the merchant.

Fees between 0% - 2%



Cross border via Pix

For registered partner merchants/ services, it is possible to pay via Pix abroad in another currency

The exchange rate of the day is used, combined with a fee of 6% (taking charges and taxes into account)



Available in



Pix Installments via credit cards/personal loans

PIX Installments provides credit options with interest (from 2.09% per month) and installments from 2x – 24x

VIA CREDIT CARDS

The installments appear on the credit card statement

VIA PERSONAL LOANS

The installments are charged monthly, like a loan



Internationally, instant payment rails have deployed overlays/additional features based on ISO20022 that may represent future opport. for RTP providers and mkt participants



UPI (Unified Payments Interface – Gov)

UPI Lite: payments via offline mode

- Payments up to INR 500 (~6 USD) with a maximum balance value of INR 2000 (~25 USD)

UPI 123 Pay

- UPI payments through feature phones without internet through a phone call-based system

Sound box: Payment confirmation by sound

- Facility for merchant to receive payment confirmation from a speaker to avoid manual checking through merchant mobile



SCT Inst (SEPA – Single Euro Payment Area)

Split Payments

- Users can pay their share of a bill to another person or receive money from others to avoid cash/cheques (valid to C2C too)

Request to Pay

- Individuals/businesses can request payments from service users or other individuals..

Bulk Payments

- Corporates and public administration can make payroll, pension, insurance claims payments through internet/ non-mobile banking



MobilePay (Fintech)

Request-to-pay

- Users have the ability to request funds from other users.

MobilePay Invoice

- Businesses can directly send invoices via MobilePay with the customer's phone number or generate a shareable link for cases without the phone number

Payment agreements

- Used by customers for regular payments. Users can sign up for agreements and then payments run automatically



Vipps (Fintech)

Registration/Login with Vipps

- Users can register for any service by choosing register with Vipps to avoid filling long customer detail forms and remember passwords. User can also choose the option to pay for the service with Vipps

Split Payments

- Individuals can send other friends and family money through mobile number. Also enables to create a group to enter all expenses and Vipps calculates who owes whom.

Source: Companies websites, government info

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Stablecoins & CBDCs



To understand CBDCs and Stablecoins, we need to be clear on their definitions



Tokenized assets

- Digitized representations of real-world assets, recorded and transferred on blockchain networks
- May include security tokens (ownership in an asset), and asset-backed tokens (tied to specific assets such as real estate or gold)

- Tokenized deposits (e.g., Regulated Liability Network)
- Tokenized stocks
- Tokenized bonds
- Gold-backed tokens



Stablecoins

- Digital currencies issued directly by a central bank
- Can be account-based (centralized) or token-based (decentralized)
- May be limited to banks (wholesale) or available to public (retail)

- **e-CNY (China):** Live
- **Digital Euro (EU):** Legislators to decide in October on whether to pursue retail CBDC
- **eKrona (Sweden):** Completed multiple phases of testing



Fiat-backed stablecoins

- Stablecoins pegged 1:1 to a fiat currency (e.g., USD, EUR)
- Backed by reserves of currency or high-quality liquid assets (i.e., treasuries) held in financial institutions
- Designed to maintain a stable value



Cryptocurrencies

- Decentralized digital currencies that operate on blockchain networks without direct fiat or asset backing
- Considered more volatile as value is determined by supply/demand dynamics

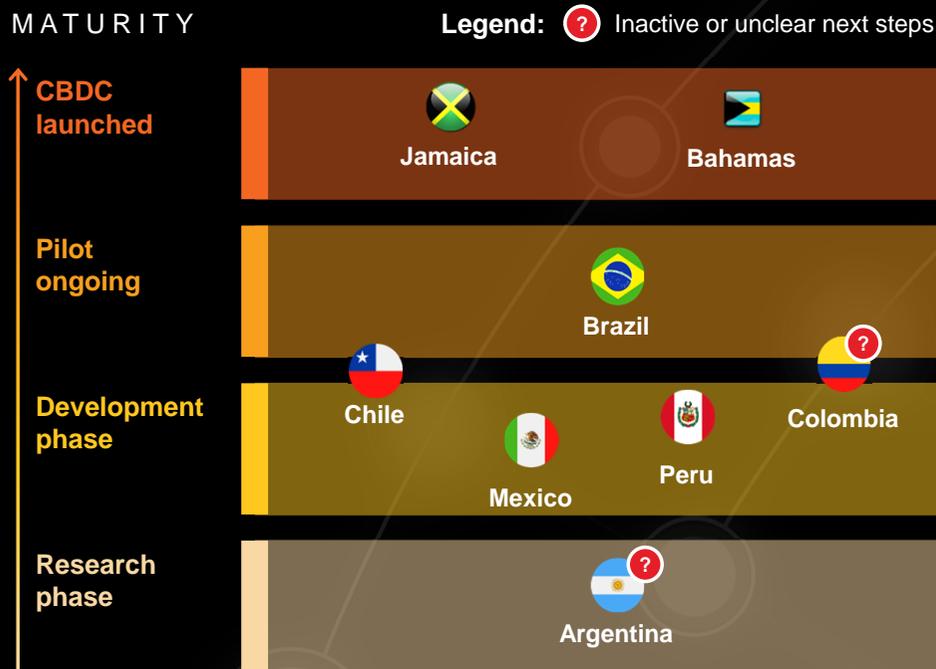


FOCUS OF THIS SECTION



Latin American countries are at different stages of CBDC development and have less developed stablecoin regulations when compared to benchmarks

CBDC maturity varies by country...



... and stablecoin regulation is overall still nascent

MATURITY

- Payment Services Act**, amended in 2023, regulates stablecoins as Electronic Payment Instruments, allowing issuance only by licensed banks, trusts, or transfer providers under **reserve, redemption, and AML rules**
- MiCA framework**, established in 2024, regulates stablecoins as Electronic Money Tokens or Asset-Referenced Tokens, **requiring full reserves, licensing, and banning interest to holders**
- GENIUS Act**, enacted in 2025, defines federal framework for stablecoins, mandating **full reserves, timely redemption, AML compliance, and interest bans**; oversight divided between federal & state regulators
- New regulations**, effective February of 2026, to **treat stablecoin transfers as FX**, demanding **reporting to Central Bank** and mandating VASP identification of wallet holders, helping prevent money laundering
- Regulatory framework for cryptoasset firms established in 2025, mainly covering AML and cybersecurity for intermediary players, but **not specific to stablecoins**
- Fintech Law, amended in 2019, covers virtual assets, but **does not explicitly cover stablecoins or stablecoin issuers**

Note: AML = Anti Money Laundering | Source: Central Bank Digital Currency Tracker, Atlantic Council; The Road to Crypto Regulation Part 2, Chainanalysis; Clipping and Central Banks

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There are 6 key value propositions of stablecoins



Speed

Stablecoin transactions are processed at **near-instant speeds on a blockchain**, significantly faster than some existing rails (e.g., SWIFT)



Cost

Stablecoin transactions can be considerably **lower cost for some use cases**, as they could bypass certain intermediaries for more efficient transactions



Programmability

Stablecoins are **programmable**, allowing for automated payments based on pre-defined conditions



Stable value

Stablecoins offer a stable **store of value** relative to other cryptocurrencies*



Transparency

Greater **transparency** on where funds are in the payment process



High yield/interest

Stablecoins backed by treasuries often have **higher yield** vs. traditional payment methods

Ability to go to market with this value prop is highly dependent on in-flight regulatory environment

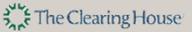
Note: *Stablecoins may also provide greater stability relative to some fiat currencies, though this depends on regulatory factors

Current use cases, most relevant for payment companies, focus on global and corporate money movement

Use case	Potential relevance in latam	Impacted institutions	Value proposition
B2B payments (incl. cross-border corporate txns)	High	Banks, corporate treasuries, Intermediaries	<ul style="list-style-type: none"> • Cost • Programmability
Remittance/Cross-border (P2P)	High	MTOs (e.g., MoneyGram), FX brokers, correspondent banks	<ul style="list-style-type: none"> • Speed • Cost
Global dollar access	High	Local banks & forex dealers, central banks	<ul style="list-style-type: none"> • Stable value
Settlements	Medium	Banks/FIs, issuers/acquirers, payment processors, corporates	<ul style="list-style-type: none"> • Speed • Stable value
Payrolls/marketplace payouts	Medium	Payroll providers, banks	<ul style="list-style-type: none"> • Cost • Stable value
Everyday transactions	Low	Merchants, card networks, issuers, processors	<ul style="list-style-type: none"> • Speed • Cost
Micropayments (e.g., in-game rewards)	Low	Social platforms, game publishers, app stores	<ul style="list-style-type: none"> • Cost



Stablecoins could have varying impacts across the financial system

	 Banks & Issuers	 Payment Rails & Networks	 Tech Platforms	 Non-Bank Payment Companies	 Corporates	 Large Non-Bank FIs
Existential Impact	Potential impact to deposit-based funding model	Potential reduction in network volumes; emergence of new rails	Significantly enhance offerings, e.g., private payment ecosystems linked to digital wallets/social media	Improved economics via reduced txn. costs, frictionless x-border pymts., new products (e.g., issuing)	New economic models around loyalty, customer segments through closed loop system	New asset allocation & investment strategies , and enhanced liquidity
Key Hurdle for Stablecoins	Bank classification, FDIC insurance	Global regulatory framework; AML/KYC; existing real-time infra. (e.g., FedNow)	Privacy & customer adoption	Cybersecurity & regulatory approvals	Customer adoption	Regulatory approval and risk management
Example logos	 	  	  	  	 	  

Source: Lit search

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In response, these participants are taking action



Banks & Issuers

- Developing **in-house** permissioned blockchain experiments
- Exploring launch/**issuance of proprietary stablecoins**

Developed permissioned blockchain network and digital asset (Kinexys)

JPMORGAN CHASE & CO.



Plans to launch stablecoin pending regulation

Piloting Regulated Liability Network - shared ledger for tokenized deposits

citi



Payment Rails & Networks

- **Enabling architecture** for stablecoin transactions
- **Developing partnerships** to enable stablecoin payments via cards



Partnered with Immersive to enable stablecoin-linked cards

For its "network of networks" strategy, they are expanding settlement capabilities to include stablecoins – pilots ongoing with Worldpay, Nuvei & more

VISA



Tech Platforms

- Enabling stablecoin payments in **digital wallets**
- Development of an **"everything app"** encompassing social media, payments, and more

Announced digital wallet and payment platform within the X app (X money) for P2P payments

X

Meta Tried to launch Libra as a form of stablecoin ('19); piloted P2P Whatsapp stablecoin payments (Novi, '21)



Non-Bank Payment Companies

- **Building new infrastructure** for stablecoin transactions
- **Issuing proprietary stablecoins**, piloting B2B/x-border use

Acquired crypto startup Bridge to move and accept stablecoins

stripe



Launched PYUSD to 20M merchants for cross-border transaction use



Corporates

- **Developing partnerships** to enable digital payments through stablecoin
- **Exploration of proprietary stablecoins**

Singapore pilot with NTT Digital and StraitsX using tokenized money for payment to sellers

amazon

Walmart In 2019, filed for a US patent to launch proprietary stablecoin; more recent developments not found



Large Non-Bank FIs

- Developing **partnerships to back stablecoins** with funds
- Launching **platforms** for digital asset trading

BUIDL fund, **BlackRock** treasury backed stablecoin (~\$2B MC already, on multiple public chains)

Fidelity Launched Fidelity Digital Assets, enabling investors to buy and sell digital assets on this platform

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Source: Lit. search, company announcements

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Key points for players in response to forces rapidly reshaping payments



Key Trends

- Consumers go more digital; e-commerce gains share, **accelerating cash displacement and shifting mix across rails**
- Merchants **push for unified acceptance** (cards + QR + RTP), **integrated FS/software**s, and lower total cost of payments
- **Instant payments could scale fast** (e.g., Pix) and **expand via overlays and cross-border links**, especially if central-bank-led
- **Embedded payments/platforms and Big Techs capture more economics** at the interface; banks/PSPs face shifting profit pools
- **GenAI moves from pilots to ops**, redesigning key journeys (onboarding/KYC, fraud/authorization uplift, reconciliation, etc)
- **Stablecoins mature for B2B/x-border** (speed/cost/programmability), while CBDCs progress more uncertain



Implications

Issuers

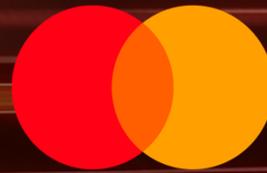
- **Be rail-agnostic** at the wallet/card front-end; keep best-in-class UX while using payment initiation/RTP where relevant to aim for customer primacy
- Continue to **explore use cases** for expanding card usage, but build products and **services on top of A2A rails**
- Deploy **own GenAI-powered customer interface** solutions to **protect from disintermediation risk**

Acquirers

- Build **true multi-rail acquiring** (cards + RTP + QR)
- **Integrate acquiring and account first, and value-add** around reconciliation, settlement, and cash-flow tools to **own the merchant relationship**
- Prepare **infrastructure for stablecoin transactions** and **rethink role in cross-border solutions**



**Small Business,
Big Impact:**
Unlocking the SME
Payments Revolution
in LAC Economies



**For questions or inquiries contact:
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Building SME Ecosystems: Extending Reach with Strategic Enablers



Nicolas Ingaramo
Vice President
Alternative Distribution
Small & Medium Enterprises
Mastercard Global



90%

of consumer-packaged goods receivables from SMEs
in emerging markets are not made with digital
payments



eB2B

The shift of the B2B purchasing process to digital platforms

A digital transformation with impacts across the CPG



eB2B

One-Stop Shop

Loyalty Programs

Data Intelligence

Embedded
Finance



Payment Solutions – Model (Framework)

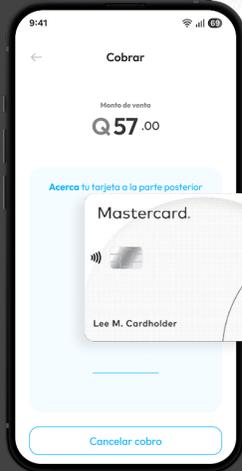
Low cost acceptance solution



Business card with a CPG loyalty program

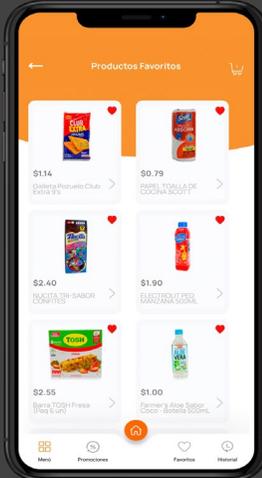
Digital First

Virtual Cards & Controls

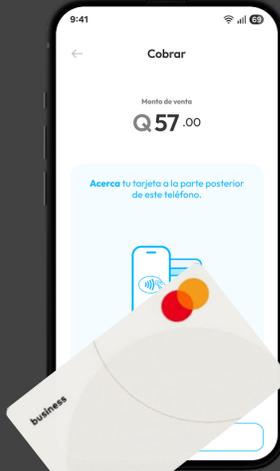


SME Retailer

Low cost acceptance solution



Digitizing Ordering



CPG

Essential elements the issuer must guarantee to achieve success



Digitizing the SMEs

- **Cultural change**
- Everything begins with **consumer acceptance** (cash-in)
- **Train** the CPG sales team along with SMEs and digitize the **ordering process**



Embedded Finance

- **Bundle** acceptance, credit, and loyalty programs
- **Credit risk** intelligence
- **Digital-first** approach

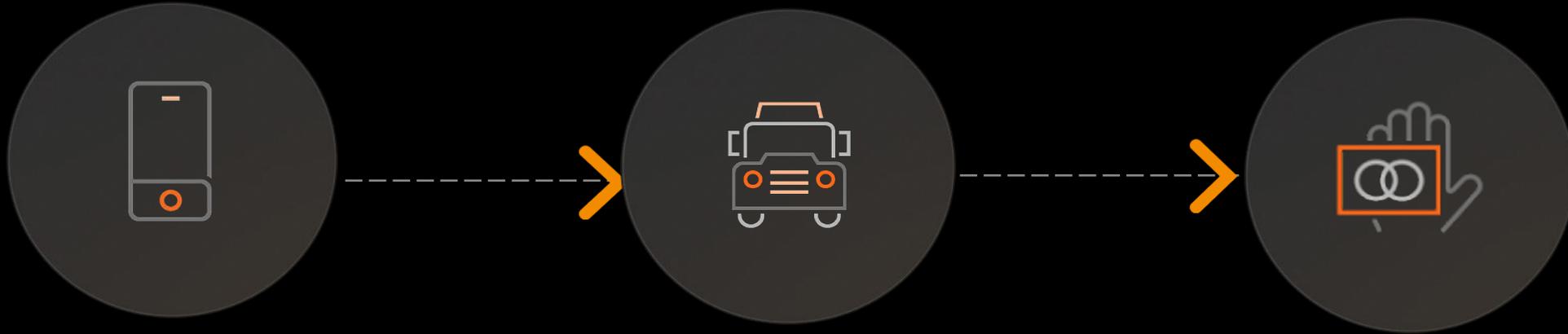


Value of Partnership

- Validate the **business case**
- **High market-share**
- **Open loop cards**



Creating value, driving growth



Merchant

- Increase Sales
- Reducing Cash dependency
- Credit and working capital

Distributor

- Lower operating costs
- Improved cash flow
- Increase loyalty to SMEs

Issuer

- Lower cost of acquisition
- Increase Market share
- Unlock new segments

Building SME Ecosystems: Extending Reach with Strategic Enablers



Nicolas Ingaramo
Vice President
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Alejandro Repetto
Co-Founder & CTO
INI Pagos



Leonardo Ramos
Country Manager
Mexico & Colombia
Clara



Rafael Noriega
Founder & CEO
Yalutec



Redefining the Future of Commerce



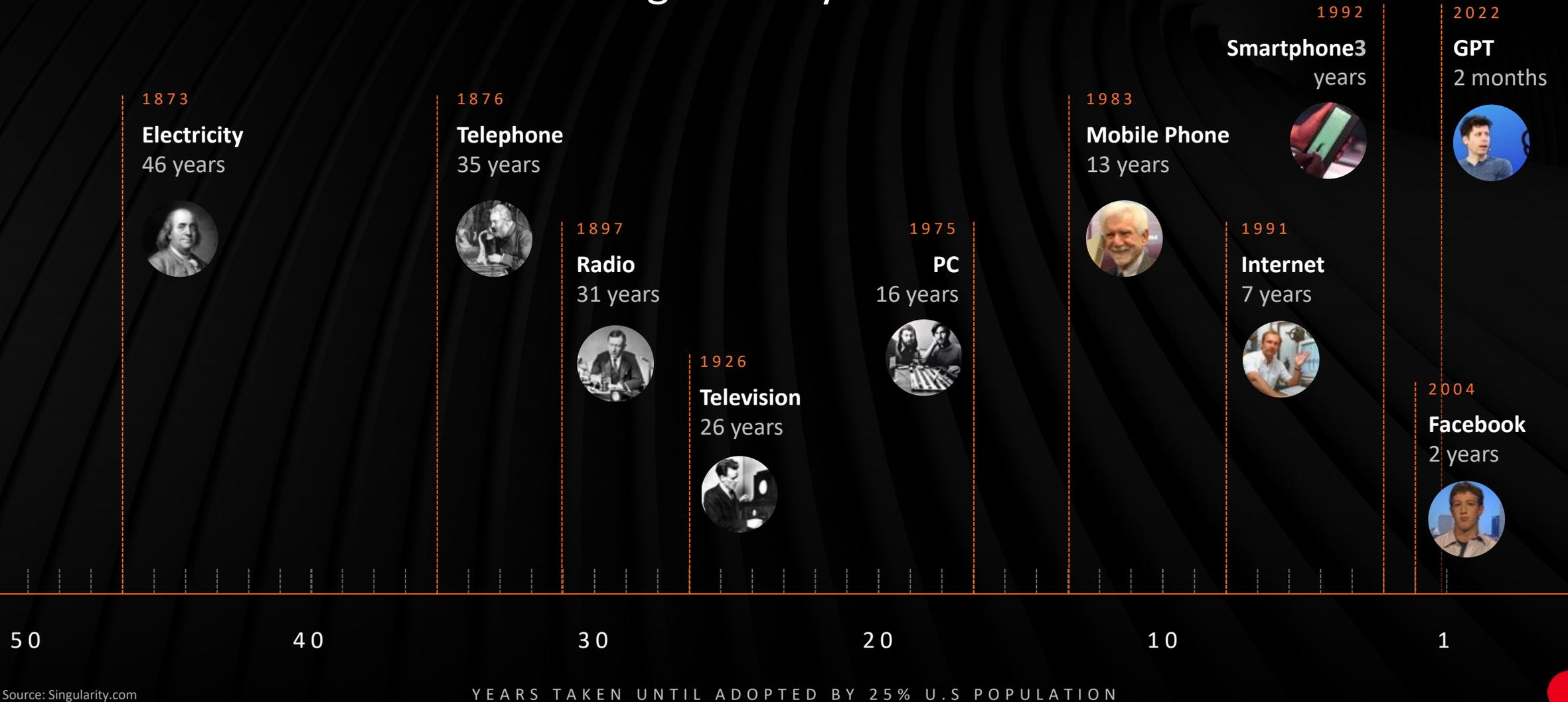
Melanie Lambert
Senior Vice President Software
Engineering
Mastercard Global



Ana Paula Aceves
Vice President Foundry
Mastercard LAC



technology adoption is moving at an unrivalled pace, transforming the way we live and work



ZERO-TRUST

EXTENDING BLOCKCHAIN
STABLECOINS

CLOUD NATIVE
PLATFORMS

PRIVACY-
ENHANCING
TECHNOLOGIES

individual technologies are shaping the future
and converging to propel trends forward

MIXED REALITY
TECHNOLOGIES

NEXT-GEN NETWORKS
5G/IOT/EDGE/UWB

QUANTUM
COMPUTING

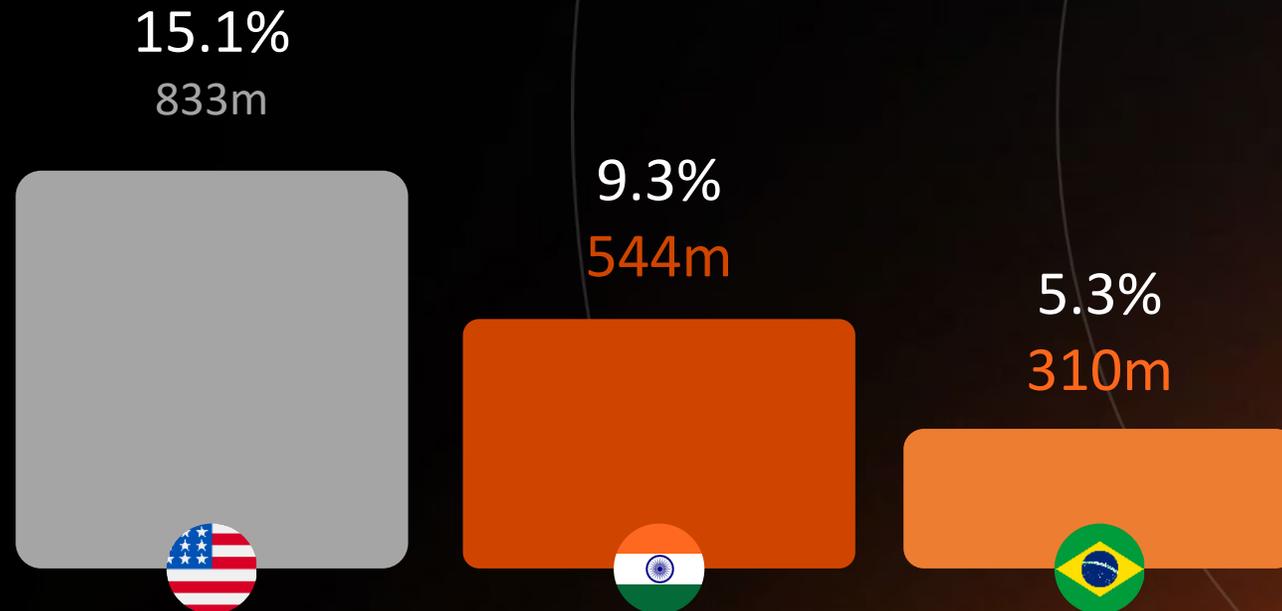
AI
ENGINEERING



The agentic market is forecast for significant growth



Brazil is the third-largest contributor to ChatGPT traffic. 5.3% of global traffic, totaling 310 million monthly visits. Behind the United States and India



Fuel exploration and prepare for new opportunities

EXPERIMENTATION

Start with internal applications, code and product development, franchise knowledge bots and POC's in legal and marketing

BUILDING FOUNDATIONS

Enhance existing products.
Create and establish a portfolio of proof-of-concept opportunities and delivery mechanisms

SCALING UP

Producing applications that redefine customer interactions and innovate within regulatory guardrails.

