



MEXICO

LATAM's Largest Online
Payments Marketplace



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Other whitepapers in this series



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The Mexican market



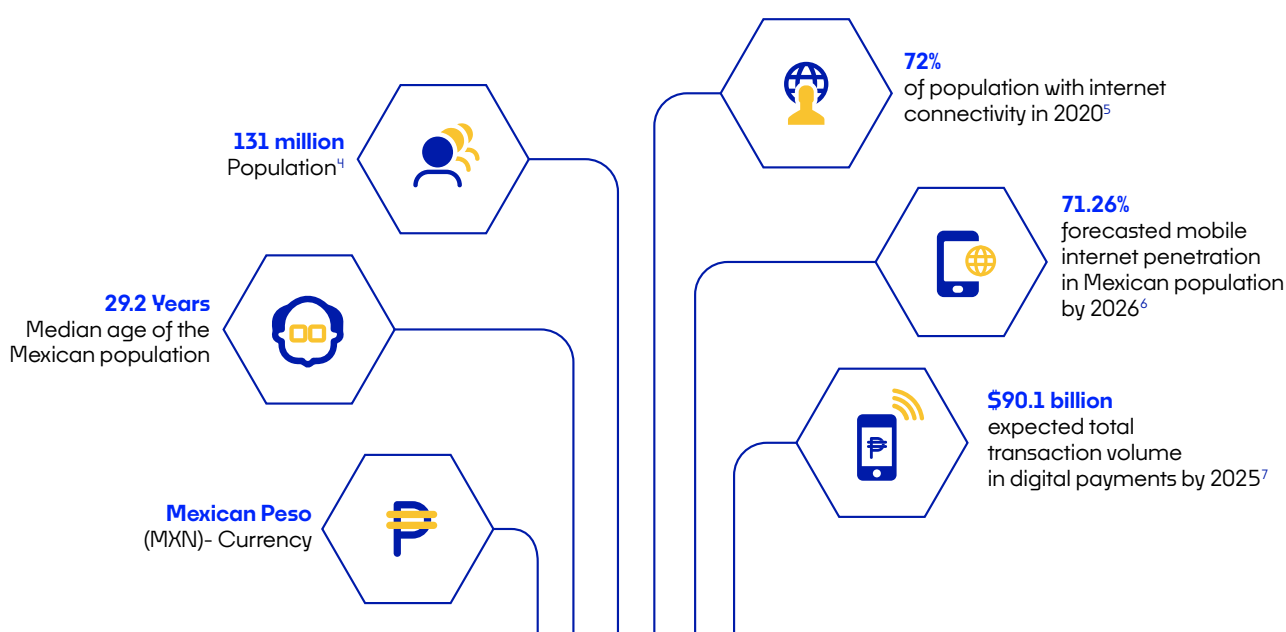
Mexico, with a vibrant history, ethnic diversity, and rich natural resources, is the world's 15th largest economy. It is also among the world's most open economies. Through its Free Trade Agreements (FTA), it has access to over 50 countries. Mexican FTAs with the EU comprise 22.9% of global GDP.¹ The Pacific Alliance, of which Mexico is a key member, represents over 40% of LATAM (Latin American) and Caribbean GDP.²

The Mexican economy has grown 2.1% over the past decade, driven by responsible fiscal, financial, and commercial policymaking. After an economic contraction in 2020, Mexico bounced back with 4.8% growth 2021.³ The country's development strategy is based on promoting private investment in important sectors, increasing the number of trade agreements with other countries, and encouraging consumption through financial inclusion and social programs.

The Mexican economy is expected to grow by:

3.4% in 2022

3.5% in 2023



Mexico's gross domestic product expanded 1.6% year-on-year in Q1 of 2022.⁸ The country's retail sales grew 6.3% in February 2022, and consumer spending is expected to grow 1.9% over the year. Ecommerce is projected to account for 15% of total retail sales in Mexico by 2023.⁹

Why do business in Mexico



Strong and large domestic market

The country's population of over 130 million provides a strong user base. Ecommerce has become a part of everyday life.¹⁶

86%

Mexicans increased online payments and purchases in 2021¹⁷

70%

Online shoppers in Mexico consider themselves experts in digital transactions¹⁸

80%

Mexican buyers plan to continue making online payments for various services post-pandemic¹⁹

Mexico was the highest ranked country in LATAM in the ease of doing business index in 2020

High internet connectivity

Mexico's high internet connectivity growth provides an ideal ecosystem for the growth of the ecommerce sector.

96.8 billion

Forecasted ecommerce market size by 2024²⁰



75%

Mexican households are expected to have fixed internet services by the end of 2022²¹

A manufacturing powerhouse

Over 27% of exports in Mexico comprise medium to high-technology products and components.²² This is higher than in countries like Germany and South Korea.

Most recently sectors that are spearheading growth are:

Retail Sector



5.48% growth forecasted between 2021 and 2026, to reach \$ 97.29 billion²⁴



7% growth in online grocery shopping in 2021, with weekly visits to grocery stores declining 6%²⁵



5th highest retail ecommerce sales growth in the world in 2021²⁶

Travel and Tourism

▶ 31 million foreign tourists arrived in Mexico in 2021²⁷

▶ \$18.5 billion tourism revenues generated in 2021

▶ 8.3% projected contribution to GDP in 2022²⁸

Ecommerce

▶ 16th largest ecommerce market in the world, with revenues of \$23 billion in 2021²⁹

▶ \$46.54 billion ecommerce revenues expected in 2022³⁰

Online Food Delivery

\$250M

Increase in revenues in 2021³¹

70%

Mexican consumers ordered food online in January 2021³²



Sectors with the most exciting growth potential



- Fintech ► Online Gambling ► Ecommerce

Fintech

Mexico has one of the largest fintech ecosystems in LATAM. Despite economic uncertainties during the pandemic, Mexican fintech companies managed to raise \$567 million in funding in 2020, representing 20% of the entire LATAM region.³³

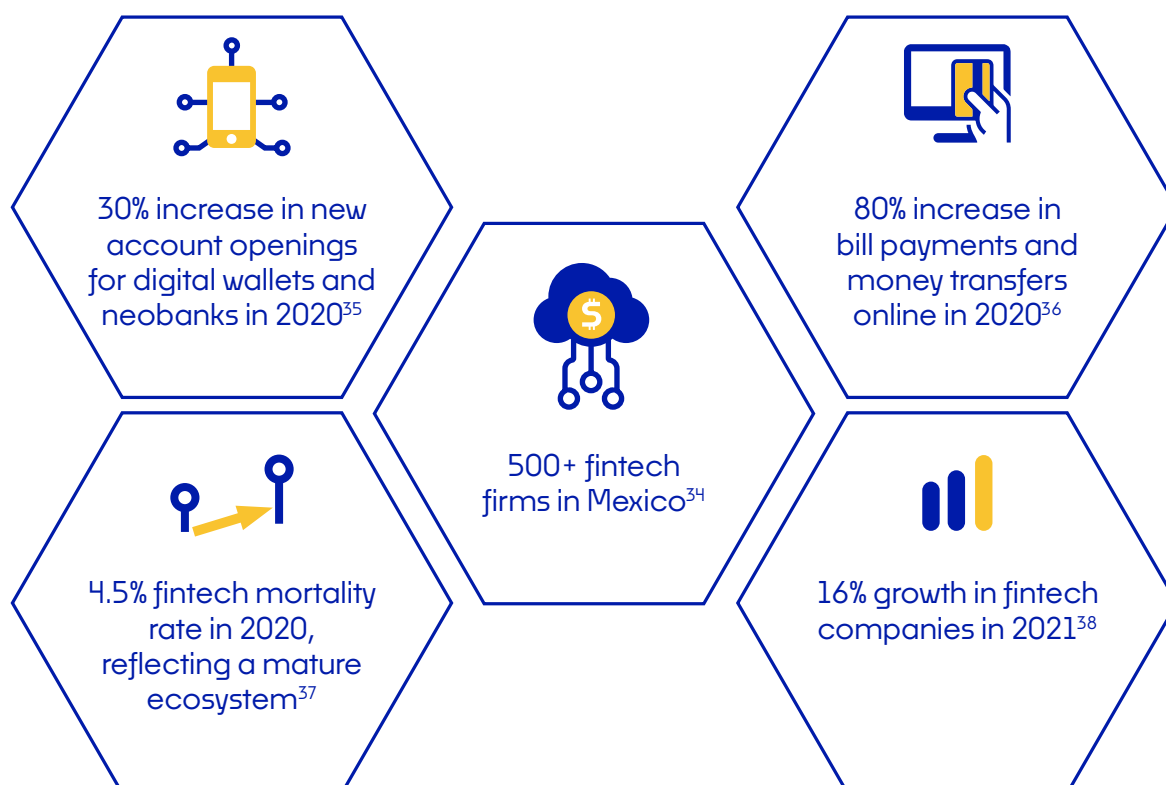
The fintech industry in Mexico remains ripe for disruption.

- Oligopolistic banking structure ► Low financial inclusion
 ► Skilled and young entrepreneurial community ► Huge VC funding from Silicon Valley

Players in the Mexican fintech sector:

- Challenger banks
- Digital payments
- Digital lending
- InvestTech
- InsureTech
- Open Banking
- Super apps

Growth in the fintech ecosystem



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