

# LatAm Fintech Landscape, 2023

## 1 LATAM FINTECH LANDSCAPE BY CATEGORY

(non-exhaustive; select players with HQ in select LatAm markets, rank by directional category size)

1

**LENDING** (n=266)  
B2C & B2B Lending



7

**NEOBANKS** (n=40)  
& **WALLETS**



5

**B2B SOLUTIONS** (n=56)

B2B Pymnts., AR & AP Mgmt., Employee Benefits



11

**"AS-A-SERVICE" ENABLERS** (n=6)\*  
Banking-, Payments-, Lending-as-a-Service



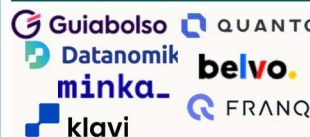
3

**WEALTH MGMT. & INVEST.** (n=241)



10

**OPEN BANKING** (n=7)



4

**CRYPTO & BLOCKCH.** (n=90)



8

**X-BORDER PAYMENTS** (n=12)



2

**PAYMENT ACCEPTANCE** (n=265)



6

**INSURTECH** (n=48)  
Insurance



9

**MANAGED SERVICES** (n=8)  
Fraud, KYC/KYB



**Global Players**

**Asset class ranking by number of fintechs**

Markets included: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Panama, Paraguay, Peru, Puerto Rico, Uruguay & Venezuela

\*Crunchbase analysis was complemented by additional names

Sources: Flagship Advisory Partners Analysis of Crunchbase data, April 2023

## 2 INTERBANK & FINTECH INVESTMENT INITIATIVES

(select examples, non-exhaustive)

### INCUMBENTS INVESTING IN FINTECH



- Bradesco, Brazilian bank, expanded into fintech space:
  - Established own neobank, Next, in 2017
  - Its investment arm invested in wealth mgmt. platform, Smartbrain, in 2022

### FINTECHS ACQUIRING BANKS



- In 2021, Covalto, Mexican neobank, acquired a local bank, Banco Finterra
- Ualá, Argentinian neobank, purchased ABC Capital in Mexico to expand its geo and product coverage

**Traditional banks rebranded as fintechs**



Source: Flagship Advisory Partners Analysis, April 2023

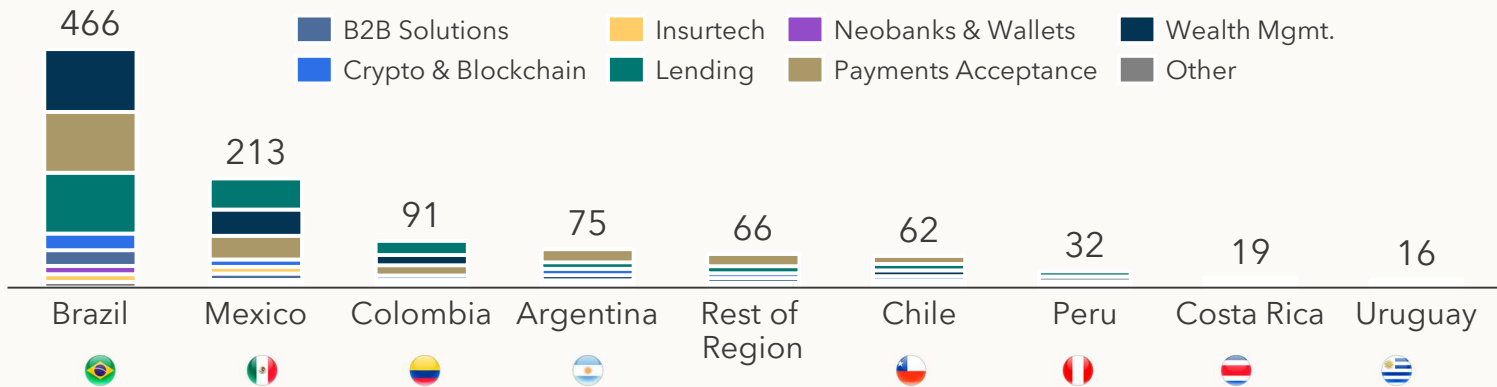
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## NUMBER OF LATAM FINTECHS BY MARKET & SELECT CATEGORY (directional sizing as per Crunchbase, select LatAm markets)



Other categories include "as-a-Service" Enablers, Open Banking, Cross-border payments, and Managed Services.  
Source: Flagship Advisory Partners Analysis of Crunchbase data, April 2023

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## TOP 10 LATAM-HEADQUARTERED FINTECHS BY FUNDING (funding in \$ mil. from inception until April 2023, fintechs with HQs in select LatAm markets)

Fintech	HQ	Vertical	Funding (\$ mil.)
nu	Brazil	Neobanks	\$4,057
C6 BANK	Brazil	Neobanks	\$2,270
xp	Brazil	Wealth Mgmt.	\$1,525
credits	Brazil	Lending	\$1,054
inter Nasdaq Listed	Brazil	Neobanks	\$800
neoon	Brazil	Neobanks	\$720
Konfio	Mexico	B2B Pymnts & Lending	\$706
xepelin	Chile	B2B Pymnts & Lending	\$567
ualá	Argentina	Neobanks	\$544
COVALTO	Mexico	Neobanks	\$521

Source: Flagship Advisory Partners Analysis of Crunchbase data, April 2023

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## LATAM MARKET ENTRY STRATEGY OF GLOBAL MERCHANT PSPS (select players and markets, non-exhaustive)

	stripe	adyen	worldpay from FIS	PayPal	Zettle by PayPal	sumup	PayU	fiserv	checkout.com	nuvei
Argentina			✓	✓			✓	✓		✓
Brazil	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chile			✓	✓		✓	✓			✓
Colombia			✓	✓		✓	✓			✓
Mexico	✓	✓	✓	✓	✓		✓	✓		✓
Peru			✓	✓		✓	✓			✓

Source: Flagship Advisory Partners market observations, April 2023

✓ Present    No Reported Entry Plans

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## General Observations

- As of April 2023, there are ~1,000 active fintechs in LatAm (vs. ~3,300 in Europe and ~4,200 in the US).
- ~70% of all LatAm fintechs specialize in lending, payment acceptance, and wealth management & investment (similar category breakdown as the US and Europe).
- ~65% of LatAm fintechs are based in either Brazil or Mexico.
- The LatAm payments acceptance space has been growing fast, propelled primarily by domestic players (e.g., PagSeguro, Mercado Pago, Stone, etc.) offering mPOS terminals, digital payments, and other solutions. We expect further growth to be driven by fintechs such as dLocal and Ebanx, expanding outside the LatAm region.
- Global PSPs such as Stripe, Adyen, and SumUp are increasing their presence in the region, focusing on the largest markets first. Due to its sheer size, Brazil is often the first entry point for international PSPs expanding to the region (e.g., Adyen opened an office in Brazil in 2011 and SumUp in 2013).

## Instant Payment Schemes

- Several LatAm countries have introduced instant payment initiatives running on account-to-account rails. The largest are state-owned such as PIX (Brazil) and CoDi (Mexico); although there are also privately-owned schemes in Colombia (Transfiya) and Peru (Yape and PLIN).
- The Brazilian Central Bank launched PIX in 2020, which is rapidly growing in adoption. As of 2022, PIX reached ~\$200 bil. in monthly transactions and has been used by ~130 mil. users. As one of the global poster children for A2A schemes, PIX presents serious challenges to legacy and cards-based payments infrastructure.
- Other LatAm instant payment initiatives haven't gained such massive traction as PIX. Since September 2019 to March 2022, ~\$316 mil. transactions were processed via Mexican CoDi by ~17 mil. registered users. Private-led real-time payments initiatives in Colombia (Transfiya with < ~2 mil. users) and Peru (Yape and PLIN, each having < ~10 mil. users) are still in the early days of development. It is worth mentioning that Peru's Central Bank mandated Yape and PLIN to interoperate from 2023 to eliminate the friction in instant payments; as a next stage the Peruvian regulator is planning to establish a general interoperability system to connect all fintechs and banks in the country.
- Despite current relative success, instant payments schemes have the potential to disrupt the lucrative cards market, driving the growth of digital payments and opening new opportunities for LatAm fintechs.

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