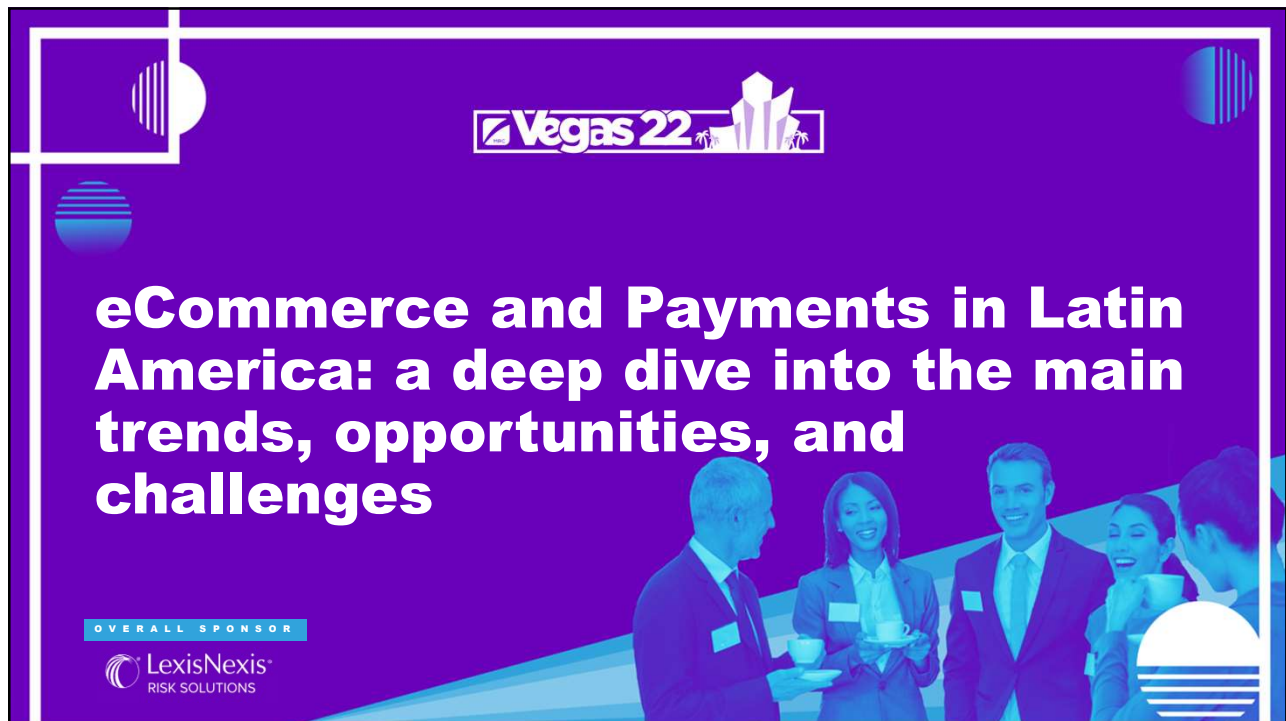


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Speaker Info



Alain Delcourt

Managing Director at
BoaCompra by PagSeguro



Lindsay Lehr

Head of Payments Practice at
Americas Market Intelligence



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Why Latin America, and why now?

- 610 million people
- \$4.7 trillion GDP
- 6.5% GDP growth in 2021
- 70% banking penetration
- 70% smartphone penetration

**\$285 billion
eCommerce market**

Launch of Pix and other instant
payment schemes

Advance of Open Banking

Expansion of global merchants



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COVID-19 impact

"The digital economy in Latin America is entering its most promising era yet"



90 million shopped online for the first time between 2020-2021



E-commerce penetration 61%



86 million newly banked since 2019



70% are participants in the digital economy

36% e-commerce growth in 2021

Projected annual growth of 31% through 2024

Overall cash usage dropped 17 pts



Highest COVID-19 infection rate in the world (57%)

- #3 region in vaccinations (63%)
- Latin America is well-poised to reach herd immunity and return to normal economic activity

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A tour around the region

Mexico

130 million
\$9,563
\$62

Colombia

52 million
\$6,023
\$23 billion

Peru

33 million
\$6,975
\$14

Brazil

213 million
\$7,445
\$204 billion

Chile

19 million
\$14,920
\$21

Argentina

46 million
\$9,634
\$17 billion

Population, mn
GDP per capita
E-commerce market, billions \$

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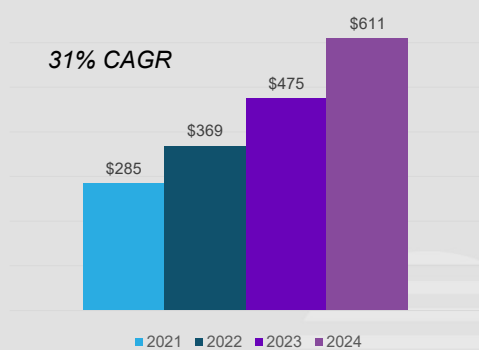
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Digital commerce in 2022



Forecasted Latin American e-commerce volume



Top trends in Latin American e-commerce

- Mobile represents 59% of purchase volume, exceeding 70% by 2024
- Cross-border growing 27% annually driven by:
 - Better prices on the international market
 - More variety
 - Large global marketplaces targeting LatAm
 - Gaming industry
 - Improving shipping logistics
- E-commerce represents 12% of all retail



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Retail



\$147 billion
Growing at 31%



Domestic trends

- Mega-growth of new verticals, like grocery, pharmacy, essential goods
- Consolidation of department stores and marketplaces
- Mobile app and browser gaining share

Cross-border trends

- International merchants eyeing Latin America:
 - Large Asia to Brazil corridor
 - Large US to Mexico corridor
- Lower prices, greater variety



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Travel



\$30 billion
Growing at 21%



Domestic trends

- Reaching 80% of pre-pandemic levels
- Consumers favoring domestic travel, natural places, alternative accommodations
- Increase of domestic travel hosting

Cross-border trends

- Near 50% of 2019 levels
- Growth of intra-regional travel
- Corporate travel may never recover



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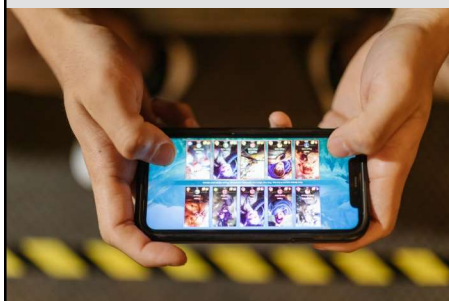


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Digital goods and “other”



\$109 billion
Growing at 34%



Domestic trends

- Delivery app explosion, and pivoting into new verticals, like entertainment, culture, gaming
- Ride-hailing rebounding
- New verticals like education, healthcare, subscriptions

Cross-border trends

- Explosion of international gaming platforms
- Arrival of new international streaming platforms
- Online education increasingly varied
- SaaS and B2B software are just getting started, especially for SMBs
- Evolving regulation



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Instant payment has arrived in Latin America

Essential Pix stats

- Over \$800 billion in transaction volume in
- \$81 billion in merchant purchases
- Representing 25%+ of e-commerce volume at select merchants



Brazilian Central Bank real-time ACH platform



Leading Brazilian digital wallet



Real-time P2P platform in Peru

Transferencias 3.0

Central Bank real-time payment initiative in Argentina

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Go local or go home

Local payment methods represent 78% of total e-commerce volume

Payment method	Such as...	Share, 2021	Share, 2024	CAGR, 2020-2024
Internationally enabled credit cards	VISA, Mastercard, American Express	23%	22%	27%
Domestic-only credit cards	VISA, Mastercard, Elo, Naranja	33%	37%	37%
Debit cards	VISA, Mastercard, Elo, Maestro	13%	13%	28%
Cash vouchers	Goveto Bancário, OXXO, Pague Mais, PagoEfectivo	9%	6%	10%
Digital wallets	PagBank, Mercado Pago, PayPal	12%	12%	33%
Bank transfers	PIX	7%	9%	55%
Other	Gift cards, cash on delivery, etc.	3%	2%	7%

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Payment method trends

More local, more complex



Authorization rates

Accepting local credit cards can increase cc authorization from ~30% to ~70%



Buy Now Pay Later

Currently representing 1% of e-commerce. 169 million debit card holders without a credit card



Cryptocurrency

Still a long way away from widespread merchant acceptance



Alternative payments for subscriptions

Pix, Boleto Flash, gift cards

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Regulatory impact

Increasingly favorable for digital payments



Real-time payment
infrastructure



Open Banking and
payment initiation



Undefined crypto regime



Evolving tax rules

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Winning in Latin America

Guarantee as near-local an experience as possible

1. Gain local expertise
2. Offer a variety of local payment methods
3. Have websites and apps in the local language
4. Ensure transparency
5. Guarantee excellence in customer service and communication channels
6. Value the quality of delivery

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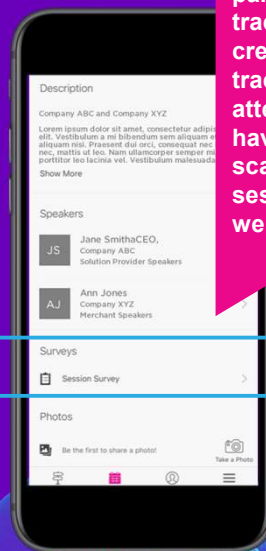
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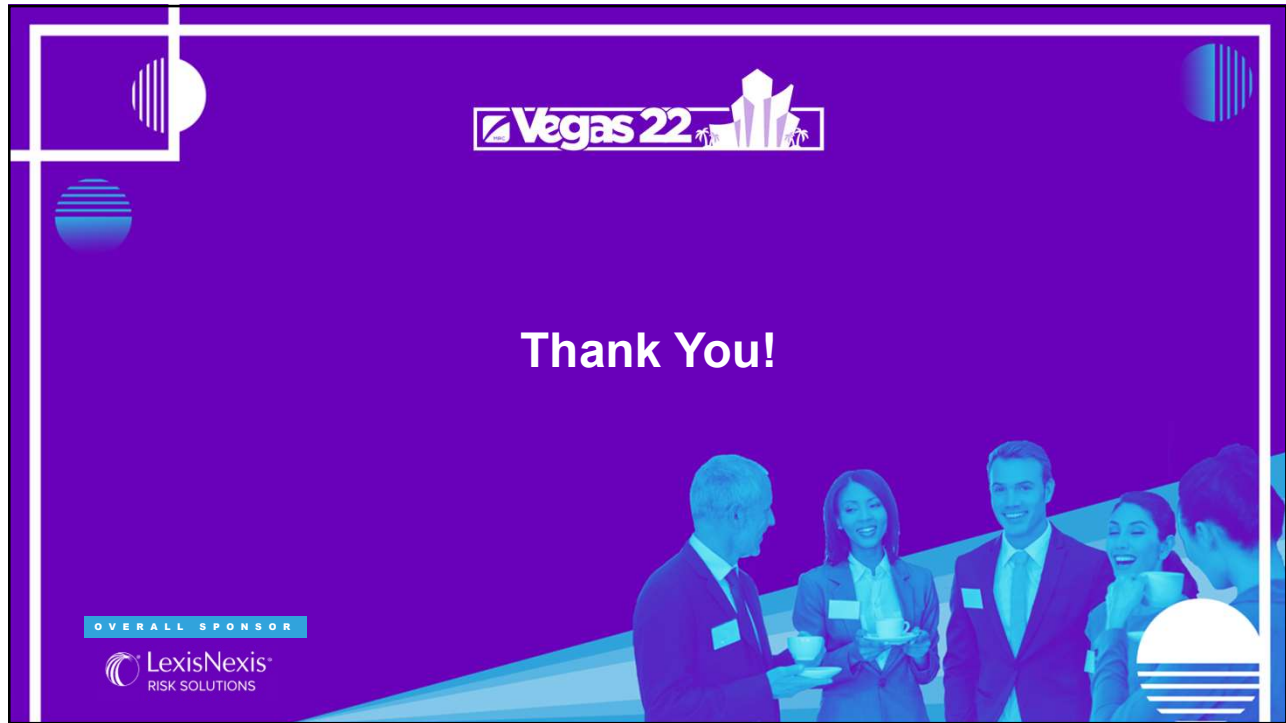
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