



# Payments and E-commerce Report Central and South America



Gain expertise and get granular insights on e-commerce in Central and South America: [consumer demographics](#), [payment preferences](#), [cross-border shopping stats](#) and more.

## Dear reader,

As e-commerce continues to grow, it injects new dynamism into our economies and gives people – who wouldn't otherwise have it – access to goods and services that improve their lives.

At PPRO, we're proud to help make possible the payments revolution that underpins the explosive growth of the e-commerce industry. Today, local payment methods account for 77% of e-commerce spend; by 2024, it is forecast that this share will increase to 82%.

But we're even prouder to have helped our partners and their merchants grow and succeed in more markets every year, and these reports are just a small piece of that. They are tools designed to give you the knowledge you need to open new markets. We hope you find them useful and we wish you every success.

Yours sincerely,

**Simon Black**  
CEO, PPRO

# Central and South America

Central and South America is highly diverse, economically and culturally. To get a feel for the region's changing e-commerce landscape, we looked at trends affecting the whole region and at some of its leading markets in greater detail. These markets were Argentina, Brazil, Chile, Colombia, Peru and Uruguay.

The Argentine economy hit a turning point in 2019, with the election of Alberto Fernández to the presidency. Fernández has promised to renegotiate the terms of the \$56 billion IMF loan the country received in 2018<sup>1</sup> and to put a halt to the pro-market austerity measures of the previous administration<sup>2</sup>. The big question for 2020 is whether the country can renegotiate and service its significant sovereign debt to the IMF.

In Brazil, the economy grew at a rate of 1.1%<sup>3</sup>. The country's central bank forecasted a full-year economic growth rate of just 0.9% for 2019<sup>4</sup>. National debt is now 80% of GDP<sup>5</sup> and without significant reform is expected to rise to over 100% by as soon as 2023<sup>6</sup>. There are positive signs, with pension reforms passing the Brazilian senate in October 2019<sup>7</sup>. The country's long-term economic health depends upon the government's ability to build on this success and pass measures liberalising trade and reducing tariffs<sup>8,9</sup>.

Between October 2019 and the end of the year, Chile suffered a wave of riots and protests against the Pinera administration's liberalising agenda<sup>10</sup>. In response, the government has lurched to the left, promising

higher spending, firing eight ministers<sup>10</sup> and increasing government spending by at least \$1.5 billion a year<sup>11</sup>.

In 2018, Colombian growth rose to 2.7%<sup>12</sup>. In 2020, the OECD expects the economic growth rate to increase again to 3.5%<sup>13</sup>, mainly driven by domestic consumer demand. By the middle of 2019, the volume of retail sales was growing at a rate of 10.1% a year<sup>14</sup>. In September 2019, consumer confidence was at -10 points, indicating a mildly pessimistic outlook. Nevertheless, this is an improvement of almost 12 points since June 2019<sup>15</sup>.

One factor which has helped Colombia considerably, is the US sanctions on Venezuela. No longer able to buy from the country's socialist neighbour, US importers have increased their orders from Colombia. Oil exports to the US rose by nearly 25% in the first quarter of 2019<sup>16</sup>. The flipside to this is that Colombia currently hosts 1.4 million Venezuelan refugees, which puts a strain on resources and infrastructure<sup>17</sup>.

Early in November 2019, Peru announced that it would be cutting its 2019 growth forecast from 2.7% by the end of December<sup>18</sup>. At the start of 2019, the country's central bank was forecasting 4% growth — so this is quite a come down<sup>18</sup>. Copper accounts for over 50% of Chile's exports<sup>19</sup>. Demand for copper, and therefore the price of copper fell in 2019 as a result of the slowdown in global trade arising mainly from the US-China dispute<sup>20</sup>.

In Uruguay, voters elected centre-right candidate Luis

Lacalle Pou to the presidency<sup>21</sup>. This brought to an end fifteen years of rule by left-wing parties. The new government has promised to cut budget deficits and to boost growth<sup>22</sup>. In 2018 the Uruguayan economy grew by just 1.6%, down from 2.6% in the previous year<sup>23</sup>.

The economies covered by this report are highly dependent on commodity markets — most, with the exception of Colombia, export heavily to China — for oil, copper and other raw materials. For as long as the international trade slowdown persists, this puts them at a heightened risk of recession.

This risk may be heightened by American policies toward the region. Early in December 2019, US President Trump threatened to impose tariffs on steel and aluminium from Brazil and Argentina, in response to what he said was currency manipulation by the two countries<sup>24</sup>. If this is a sign of things to come in 2020, then South and Central America could be in for a rocky ride.

## The Latin American e-commerce market

The e-commerce market in the countries selected for detailed study is worth \$50 billion and is growing at a rate of 23% a year<sup>25</sup>. Today, 34% of online purchases are made using a mobile device and the average annual spend per online shopper is \$471<sup>25</sup>.

The most popular purchase categories in Latin America vary from country to country. In Argentina, Chile, Colombia and Peru travel is the number one category. In Uruguay it's clothing, and Brazil electrical goods<sup>25</sup>.

The region's biggest e-commerce player is the Argentine MercadoLibre. The company operates online marketplaces in 18 countries, from Mexico to Argentina, has net revenues of over \$1.4 billion, 3.5 million sellers and over 34 million unique buyers<sup>26</sup>.

## The local payment culture

The most common means of paying for an online purchase in Latin America is by credit card, used in 58% of all online transactions<sup>25</sup>. Cash has 17% of the online payment market, bank transfer 13%, e-wallets 10%, and other minor payment methods the remaining 2%<sup>25</sup>. Visa is the biggest player in the card market, with a 42% market share, followed by Mastercard (38%), local and other schemes with 18% and American Express with 1%<sup>25</sup>.

## Enabling and limiting factors

62% of the Latin American population has a bank account and 24% a credit card<sup>25</sup>. But the region suffers a tremendous lack of trust in banks. But, with the recent

rise of neobanks, this is beginning to change. Neobanks are entirely mobile-centric, with no physical branches, giving customers direct access to their money and a broader range of services than the normal banks provide. Financial inclusion has long been a problem throughout Latin America, but with the advent of these customer-friendly alternatives to traditional banking, that is changing rapidly<sup>27</sup>.

67% of the population has an Internet connection and 63% an Internet-enabled smartphone<sup>25</sup>. However, the market is dominated by mobile connections. According to a recent study, the percentage of Latin American households with fixed-line broadband is now 12.3%, slightly below the global average of 13.4%<sup>28</sup>.

## Conclusion

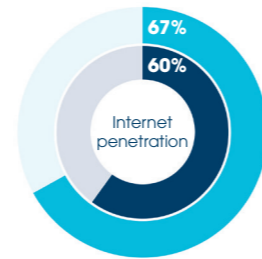
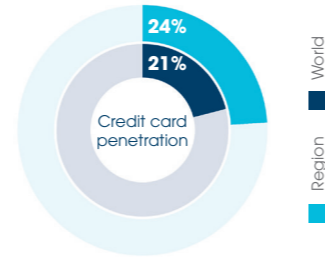
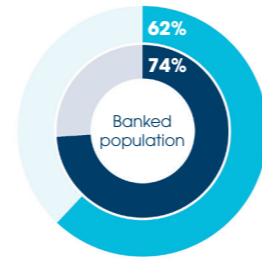
Latin America is a growing and increasingly interesting e-commerce market. There are big differences – even between neighbouring markets – in payment culture, in prosperity and in culture. Merchants entering the region cannot afford to assume that they can easily reuse a business model developed for one Latin American country in another. When planning entry into Latin America, keep an eye on key economic indicators – in particular the commodity indexes – and plan your go-to-market strategy based on the likely state of the economy at your time of entry.

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1. Argentina's Alberto Fernandez Has Olive Branch Coffee Meeting With Macri, Patrick Gillespie and Jorgelina Do Rosario, Bloomberg, 28 October 2019
  2. Argentina's Fernandez pledges to 'turn the page' as left wins power, 28 October 2019, Adam Jourdan, Reuters
  3. GDP growth (annual %), World Bank.
  4. UPDATE 1-Brazil cenbank ups 2019 GDP growth forecast, but notes 'high degree of uncertainty', Jamie McGeever, Reuters, 26 September 2019
  5. Brazil's national debt rises to record high 79.8% of GDP, Jamie McGeever, Reuters, 30 September 2019
  6. What's gone wrong with Brazil's economy?, Daniel Gallas & Daniele Palumbo, BBC News, 27 March 2019
  7. Brazil Senate's Pension Reform Vote Facing Late Hurdles, VOA, 1 October 2019
  8. Brazil pensions: Victory for Jair Bolsonaro as reform passes, BBC News, 24 October 2019
  9. Following pension reform, Brazil looks to open up economy, BN Americas, 23 October 2019
  10. Chile's Billionaire President's Legacy Swept Away by Unrest, 29 November 2019, Phillip Sanders, Bloomberg
  11. Chile Seeks to Spend its Way Out of Crisis at a Hefty Price, 27 November 2019, Eduardo Thomson, Bloomberg
  12. GDP growth (annual %) - Colombia, World Bank
  13. 24 October 2019 - Economic Survey of Colombia, OECD
  14. Colombia Retail Sales Growth, CEIC.com
  15. Colombia Consumer Confidence Growth, CEIC.com
  16. Ecopetrol says exports to the U.S. up on Venezuela, higher output, Reuters, 22 May 2019
  17. Venezuela refugee crisis to become far worse, surge to 6.5 million, U.N.-EU conference told, Japan Times, 28 October 2019
  18. Peru to cut 2019 growth forecast for third time this year, 8 November 2019, Reuters
  19. Chile, Observatory for Economic Complexity
  20. Copper Prices Fall on Weak Manufacturing Data, 1 October 2019, Sarah Toy, The Wall Street Journal
  21. Uruguay swings to the right as Luis Lacalle Pou wins presidential race, 30 November 2019, Buenos Aires Times
  22. Conservatives bring to an end 15 years of leftist rule in Uruguay, 28 November 2019, Benedict Mander, The Financial Times
  23. GDP growth (annual %) - Uruguay, The World Bank
  24. Trump Says U.S. Will Impose Metal Tariffs on Brazil and Argentina, 2 December 2019, Ana Swanson, The New York Times
  25. Original PPRO research
  26. Business Overview 2018: Mercado Libre.
  27. An overview of neobanks in Latin America, 4 September 2018, FinTech Futures.
  29. LatAm fixed broadband penetration below global average, 18 Jul 2018, BNAmericas

# Regional Payment Trends

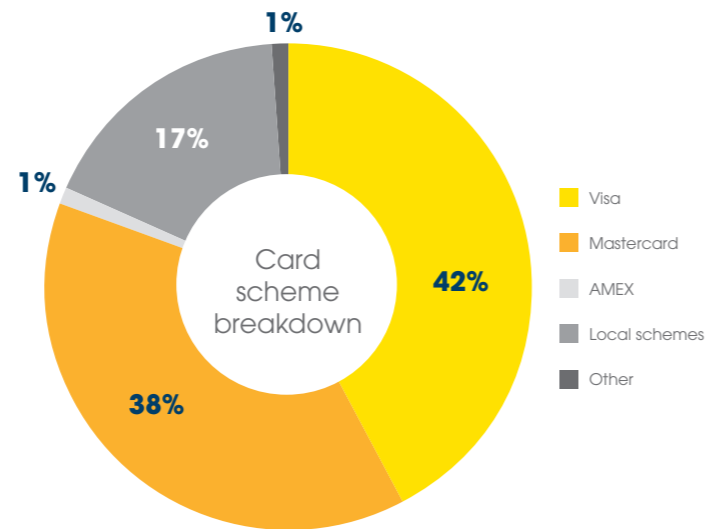
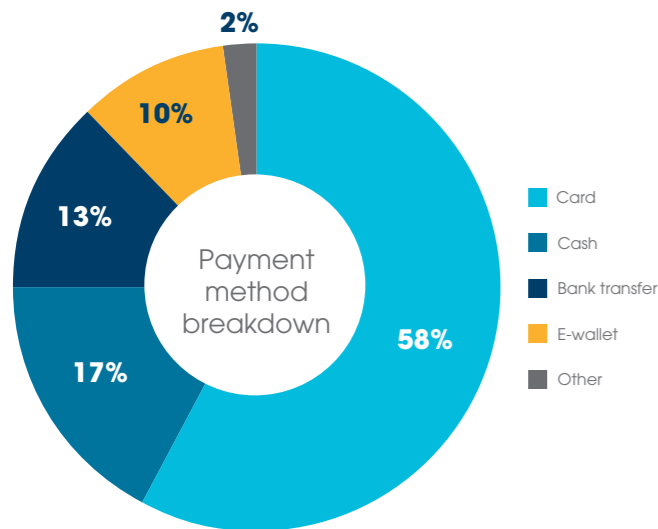
	Region	World
Population	357.8 m	7.6 bn
Population (15+)	277.4 m	5.6 bn
GDP	3.3 tr	85.8 tr
GDP per capita	9,216	11,299
B2C e-commerce	50.1 bn	3.4 tr
B2C e-commerce growth	23%	18%
Online population	239.3 m	4.5 bn
Smartphone penetration	62%	58%
Mobile e-commerce	34%	50%
Average online spend	471	2,594
E-commerce % of total retail	3%	16%

Currencies in this report are always depicted in \$USD



Region World

Argentina	10
Brazil	12
Chile	14
Colombia	16
Peru	18
Uruguay	20



# Argentina

	Argentina	Region	World
Population	44.5 m	357.8 m	7.6 bn
Population (15+)	33.5 m	277.4 m	5.6 bn
GDP	518.5 bn	3.3 tr	85.8 tr
GDP per capita	11,653	9,216	11,299
Online population	33.7 m	239.3 m	4.5 bn
Smartphone penetration	65%	62%	58%
Average online spend	476	471	2,594
E-commerce % of total retail	3%	3%	16%

**47%**  
e-commerce growth

## Top e-comm segments



Airlines & Hotels: **14%**



Electrical Goods: **14%**



Clothing & Footwear: **12%**

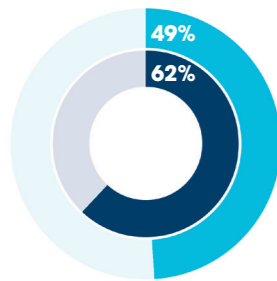


Homeware & Furniture: **12%**

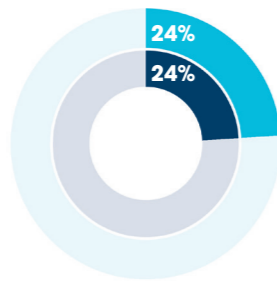


Food & Drink: **9%**

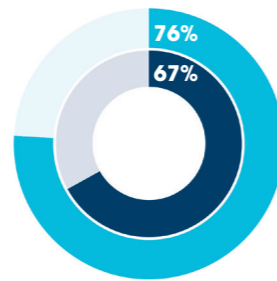
### Banked population



### Credit card penetration

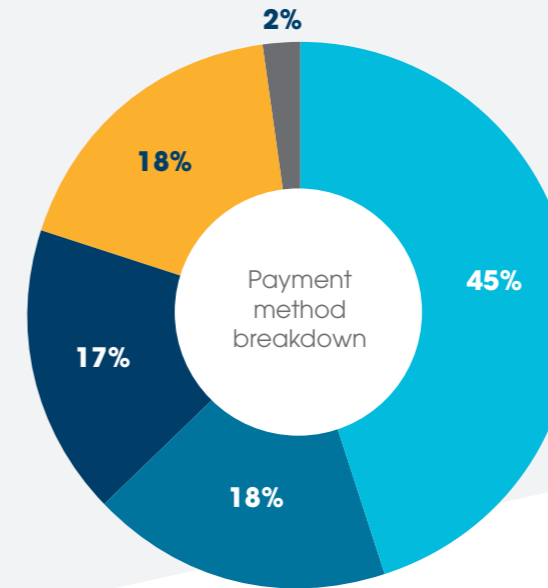


### Internet penetration



■ Argentina ■ Region

- Card
- Cash
- Bank transfer
- E-wallet
- Other



**45% - Card total**  
42% ICS  
3% Local schemes

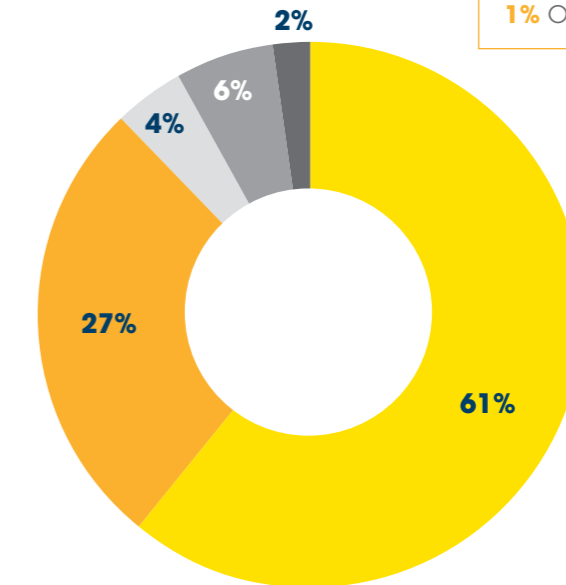
**18% - Cash total**  
7% Rapipago  
6% Other  
5% Pago Fácil

**18% - E-wallet total**  
11% Mercado Pago  
6% PayPal  
1% Other

## Top cross-border markets

**43% shop cross-border**

- Brazil
- USA
- China



### Card scheme breakdown

- Visa
- Mastercard
- AMEX
- Local schemes
- Other



B2C e-comm.  
**11.4 bn**



Mobile e-comm.  
**35% of total**



# Brazil

	Brazil	Region	World
Population	209.5 m	357.8 m	7.6 bn
Population (15+)	164.7 m	277.4 m	5.6 bn
GDP	1.9 tr	3.3 tr	85.8 tr
GDP per capita	8,921	9,216	11,299
Online population	141.3 m	239.3 m	4.5 bn
Smartphone penetration	60%	62%	58%
Average online spend	379	471	2,594
E-commerce % of total retail	3%	3%	16%

**15%**  
e-commerce growth

## Top e-comm segments



Electrical Goods: **20%**



Airlines & Hotels: **14%**



Homeware & Furniture: **12%**

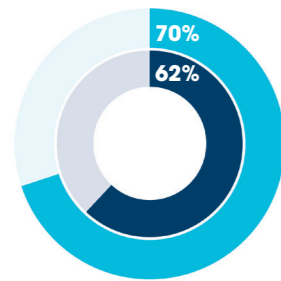


Clothing & Footwear: **12%**

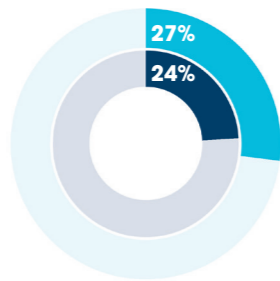


Food & Drink: **8%**

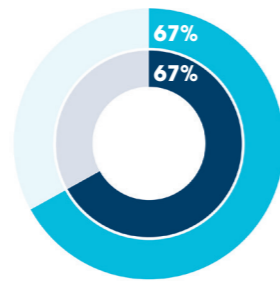
### Banked population



### Credit card penetration



### Internet penetration



■ Brazil ■ Region

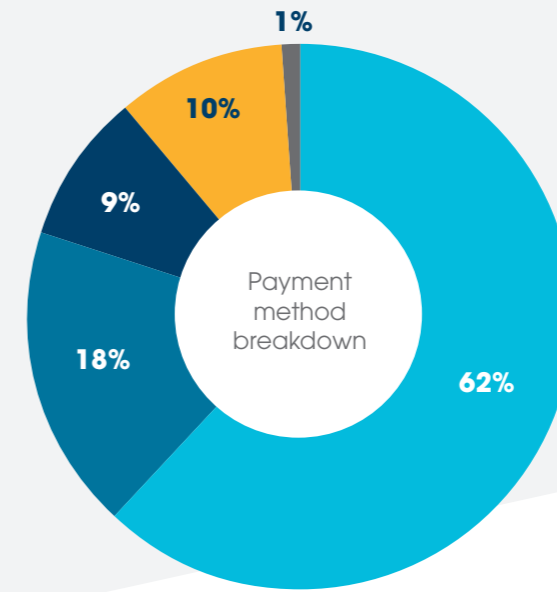


B2C e-comm.  
**20.6 bn**



Mobile e-comm.  
**36% of total**

- Card
- Cash
- Bank transfer
- E-wallet
- Other



**62%** - Card total  
50% ICS  
12% Local schemes

**18%** - Cash total  
10% Other  
8% Boleto Bancário

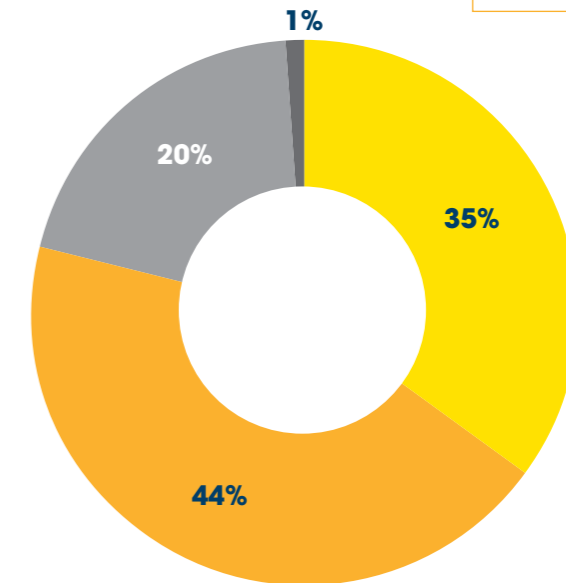
**10%** - E-wallet total  
5% PayPal  
2% Mercado Pago  
2% Other

## Top cross-border markets

**48%** shop cross-border

- China: **62%**
- USA: **23%**
- Japan: **3%**

## Card scheme breakdown



- Visa
- Mastercard
- Local schemes
- Other



Boleto Bancário



Mastercard (local)

VISA (local)

# Chile

	Chile	Region	World
Population	18.7 m	357.8 m	7.6 bn
Population (15+)	15 m	277.4 m	5.6 bn
GDP	298.2 bn	3.3 tr	85.8 tr
GDP per capita	15,923	9,216	11,299
Online population	15.4 m	239.3 m	4.5 bn
Smartphone penetration	72%	62%	58%
Average online spend	913	471	2,594
E-commerce % of total retail	5%	3%	16%

**28%**  
e-commerce growth

## Top e-comm segments



Airlines & Hotels: **26%**



Food & Drink: **14%**



Electrical Goods: **12%**

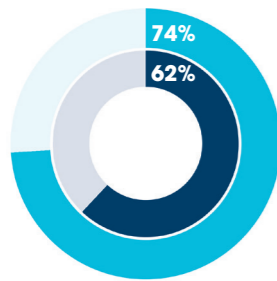


Clothing & Footwear: **10%**

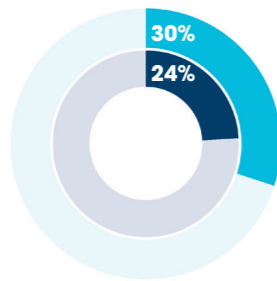


Homeware & Furniture: **7%**

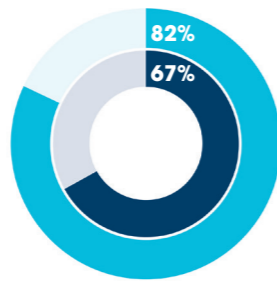
### Banked population



### Credit card penetration

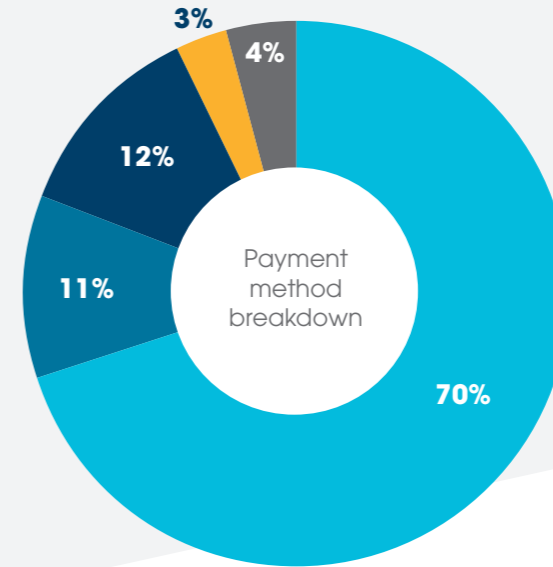


### Internet penetration



■ Chile ■ Region

- Card
- Cash
- Bank transfer
- E-wallet
- Other



**70% - Card total**

**49%** Local schemes  
**21%** ICS

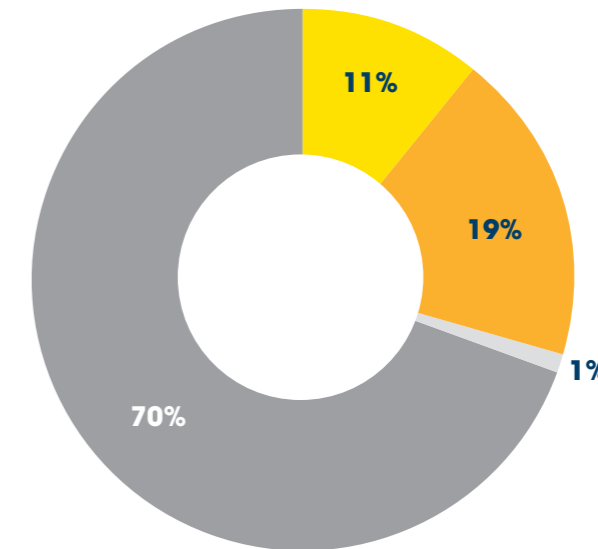
**3% - E-wallet total**

**2%** PayPal  
**1%** Other

### Cross-border e-commerce

**69%**  
shop cross-border

### Card scheme breakdown



- Visa
- Mastercard
- AMEX
- Local schemes



B2C e-comm.  
**5.1 bn**



Mobile e-comm.  
**20% of total**



# Colombia

	Colombia	Region	World
Population	49.6 m	357.8 m	7.6 bn
Population (15+)	38.2 m	277.4 m	5.6 bn
GDP	330.2 bn	3.3 tr	85.8 tr
GDP per capita	6,651	9,216	11,299
Online population	30.9 m	239.3 m	4.5 bn
Smartphone penetration	75%	62%	58%
Average online spend	351	471	2,594
E-commerce % of total retail	3%	3%	16%

**13%**  
e-commerce growth

## Top e-comm segments



Airlines & Hotels: **30%**



Clothing & Footwear: **12%**



Electrical Goods: **11%**

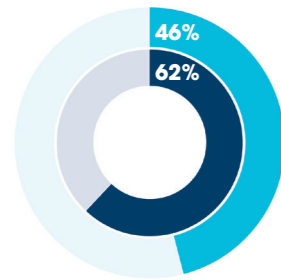


Food & Drink: **10%**

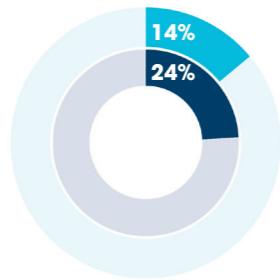


Homeware & Furniture: **6%**

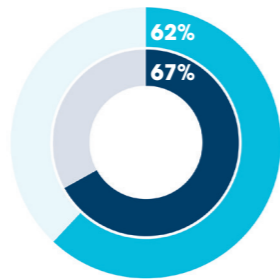
### Banked population



### Credit card penetration

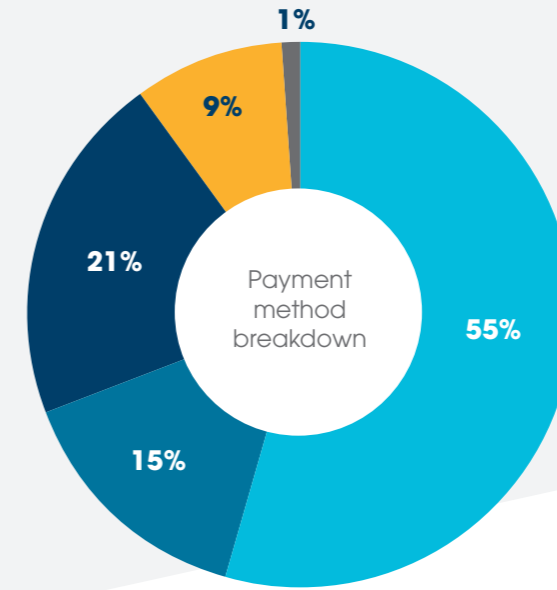


### Internet penetration



■ Colombia ■ Region

- Card
- Cash
- Bank transfer
- E-wallet
- Other



**15% - Cash total**

**12% Other**  
**3% Efecty**

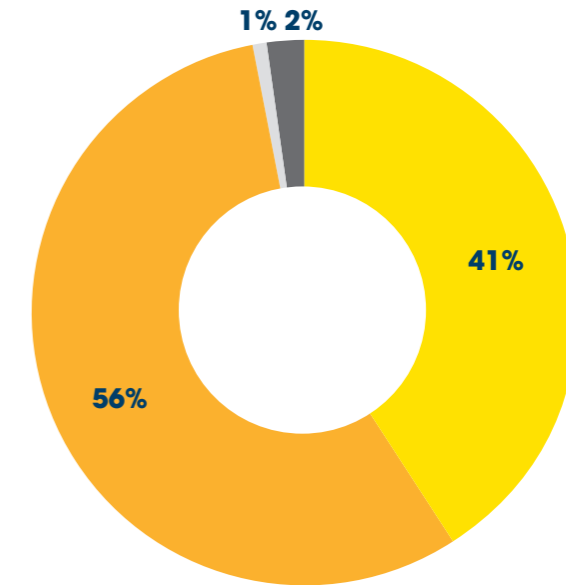
**9% - E-wallet total**

**6% PayPal**  
**2% Other**

### Cross-border e-commerce

**54%**  
shop cross-border

### Card scheme breakdown



- Visa
- Mastercard
- AMEX
- Other



B2C e-comm.  
**7 bn**



Mobile e-comm.  
**31% of total**



Mastercard (local)



VISA (local)

# Peru

	Peru	Region	World
Population	32 m	357.8 m	7.6 bn
Population (15+)	23.3 m	277.4 m	5.6 bn
GDP	222.2 bn	3.3 tr	85.8 tr
GDP per capita	6,947	9,216	11,299
Online population	15.6 m	239.3 m	4.5 bn
Smartphone penetration	49%	62%	58%
Average online spend	472	471	2,594
E-commerce % of total retail	3%	3%	16%

**12%**  
e-commerce growth

## Top e-comm segments



Airlines & Hotels: **25%**



Electrical Goods: **14%**



Food & Drink: **12%**

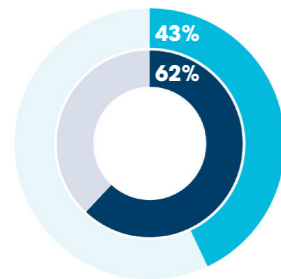


Clothing & Footwear: **11%**

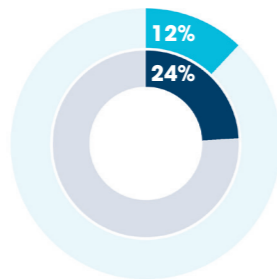


Media & Entertainment: **7%**

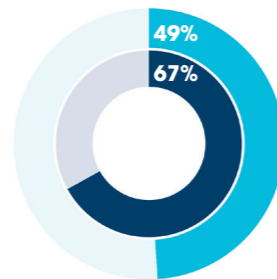
### Banked population



### Credit card penetration

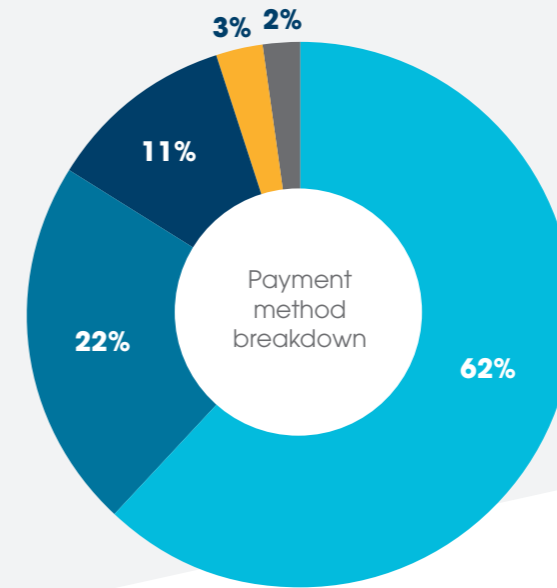


### Internet penetration



■ Peru ■ Region

- Card
- Cash
- Bank transfer
- E-wallet
- Other



**22%** - Cash total

**14%** Other  
**7%** PagoEfectivo

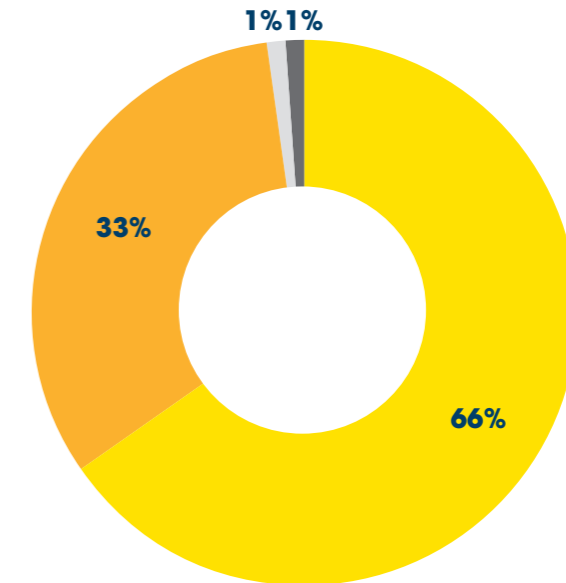
**3%** - E-wallet total

**3%** PayPal

### Cross-border e-commerce

**77%**  
shop cross-border

### Card scheme breakdown



- Visa
- Mastercard
- AMEX
- Other



B2C e-comm.  
**4.5 bn**



Mobile e-comm.  
**39% of total**



Mastercard (local)



safety)pay



VISA (local)

# Uruguay

	Uruguay	Region	World
Population	3.4 m	357.8 m	7.6 bn
Population (15+)	2.7 m	277.4 m	5.6 bn
GDP	59.6 bn	3.3 tr	85.8 tr
GDP per capita	17,278	9,216	11,299
Online population	2.4 m	239.3 m	4.5 bn
Smartphone penetration	74%	62%	58%
Average online spend	778	471	2,594
E-commerce % of total retail	3%	3%	16%

**16%**  
e-commerce growth

## Top e-comm segments



Clothing & Footwear



Airlines & Hotels

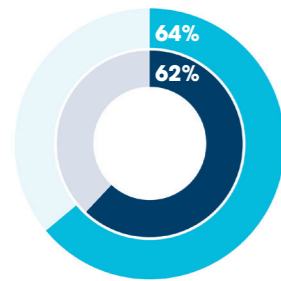


Homeware & Furniture

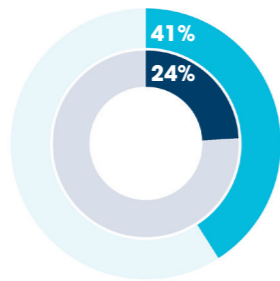


Electrical Goods

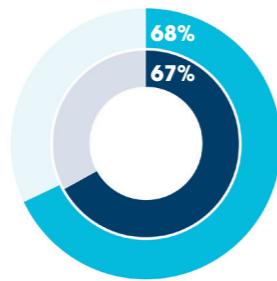
### Banked population



### Credit card penetration



### Internet penetration



■ Uruguay ■ Region

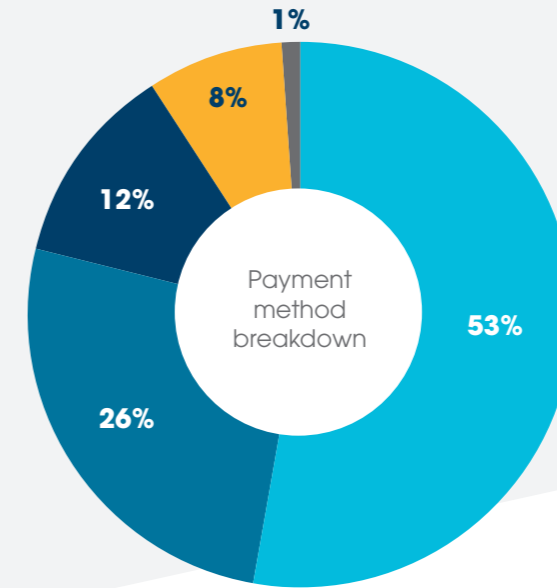


B2C e-comm.  
**1.4 bn**



Mobile e-comm.  
**38% of total**

- Card
- Cash
- Bank transfer
- E-wallet
- Other



**53%** - Card total

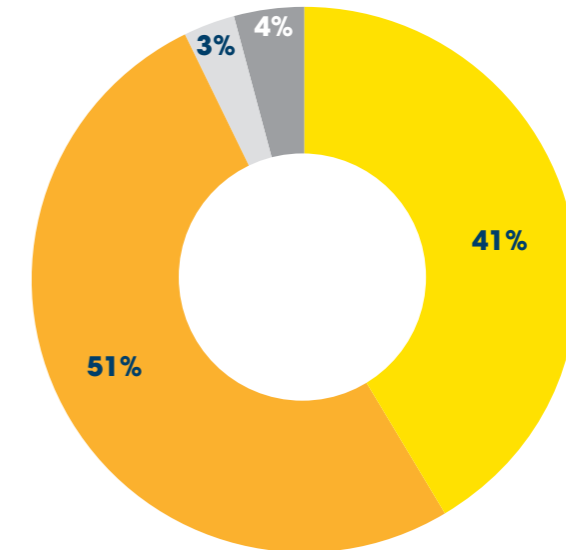
**51%** ICS

**2%** Local schemes

## Cross-border e-commerce

**50%**  
shop cross-border

## Card scheme breakdown



- Visa
- Mastercard
- AMEX
- Local schemes



Mastercard (local)



VISA (local)

## Local Payments. Worldwide.

PPRO is the world's leading local payments platform-as-a-service, removing the complexity of domestic and cross-border payments for top-tier financial institutions, payment service providers, and their merchants.

PPRO provides partners with the ability to accept locally preferred payment methods like e-wallets, bank transfers, cash, and local cards in more than 175 countries across the globe. Through one contract and one API.

PPRO's powerful platform does it all – processing, collecting, reconciling, reporting, settling funds, and more – and we've got market experts in every region so that partners can turbocharge their speed-to-market and increase conversion in every corner of the world.

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E-commerce insights for the whole world and a breakdown of over 450 local payment methods is just a few clicks away.



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## Data Methodology

Edgar, Dunn & Company (EDC) uses a combination of sources and methods to support the PPRO Database.

Where possible consistent sources are used for all markets to maintain the highest level of data integrity.

EDC data sources can be split into three main areas:

1. Globally recognised, publicly available databases & resources
2. Central banks / national e-commerce associations / national internet associations
3. EDC proprietary data and models

Using a combination of these data sources allows EDC to best build a complete picture of the market.

The e-commerce market and payment methods develop at a fast pace. We therefore prepare and update our regional and country reports frequently. If you are interested in obtaining updated versions, please contact us. We also have comprehensive data on all payment methods worldwide. For global e-commerce and market information that meets your needs, just get in touch with PPRO.

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Version 2020.01

Sources:

Edgar, Dunn & Company; Commissioned work

Publicly available online information

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