Beyond Borders'25

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Thank you for leaping into Beyond Borders 2025!

You are invited to explore how innovative payment methods are reshaping e-commerce in emerging markets, for both P2B (person-to-business) and B2B (business-to-business) transactions. Alternative payments are becoming the preferred choice for online buyers across developing markets, while cards keep evolving and maintaining their relevance, reaching a more influential consumer segment.

Dive into the full study to uncover key insights into the future of payments and digital commerce.

Beyond Borders'25

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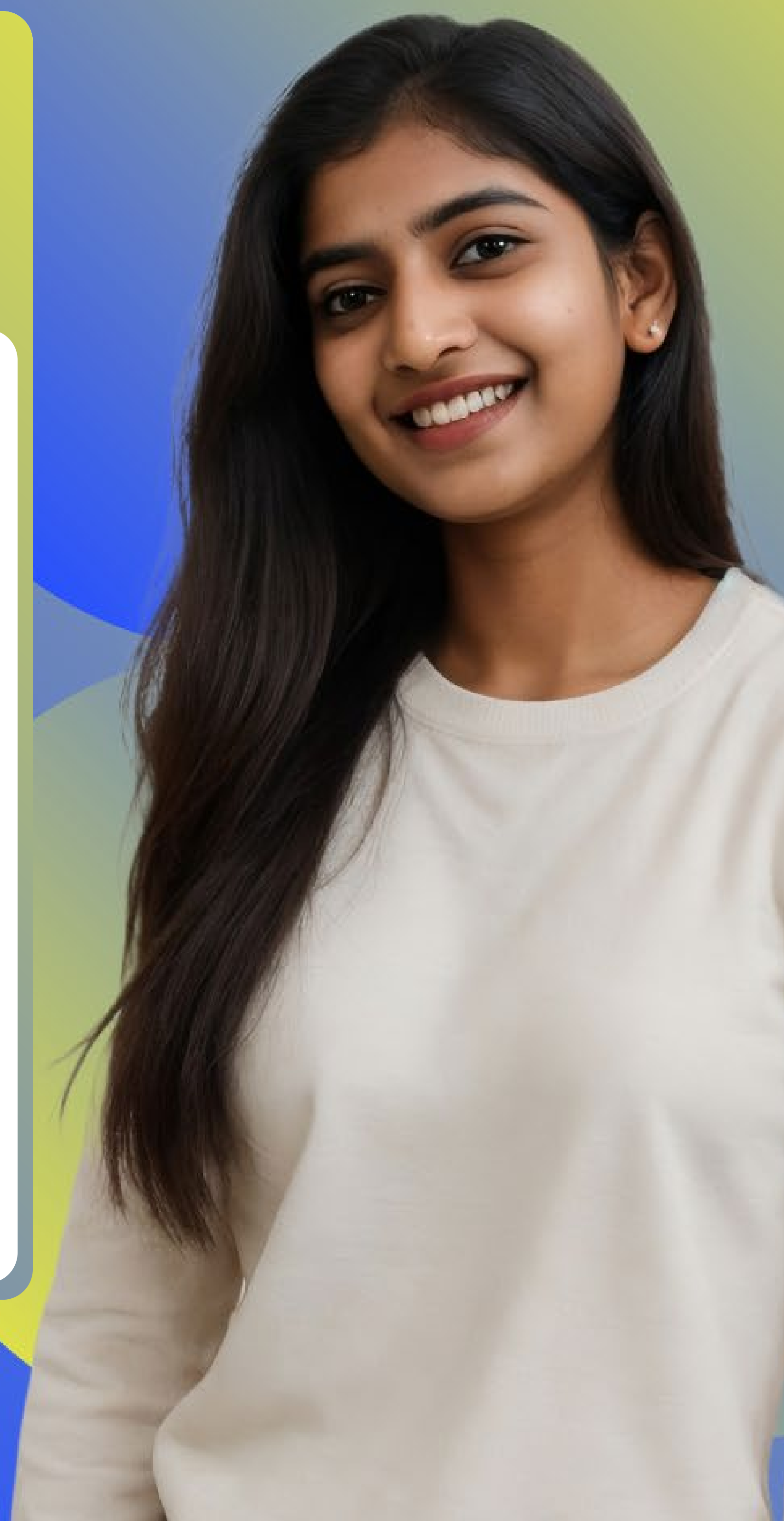
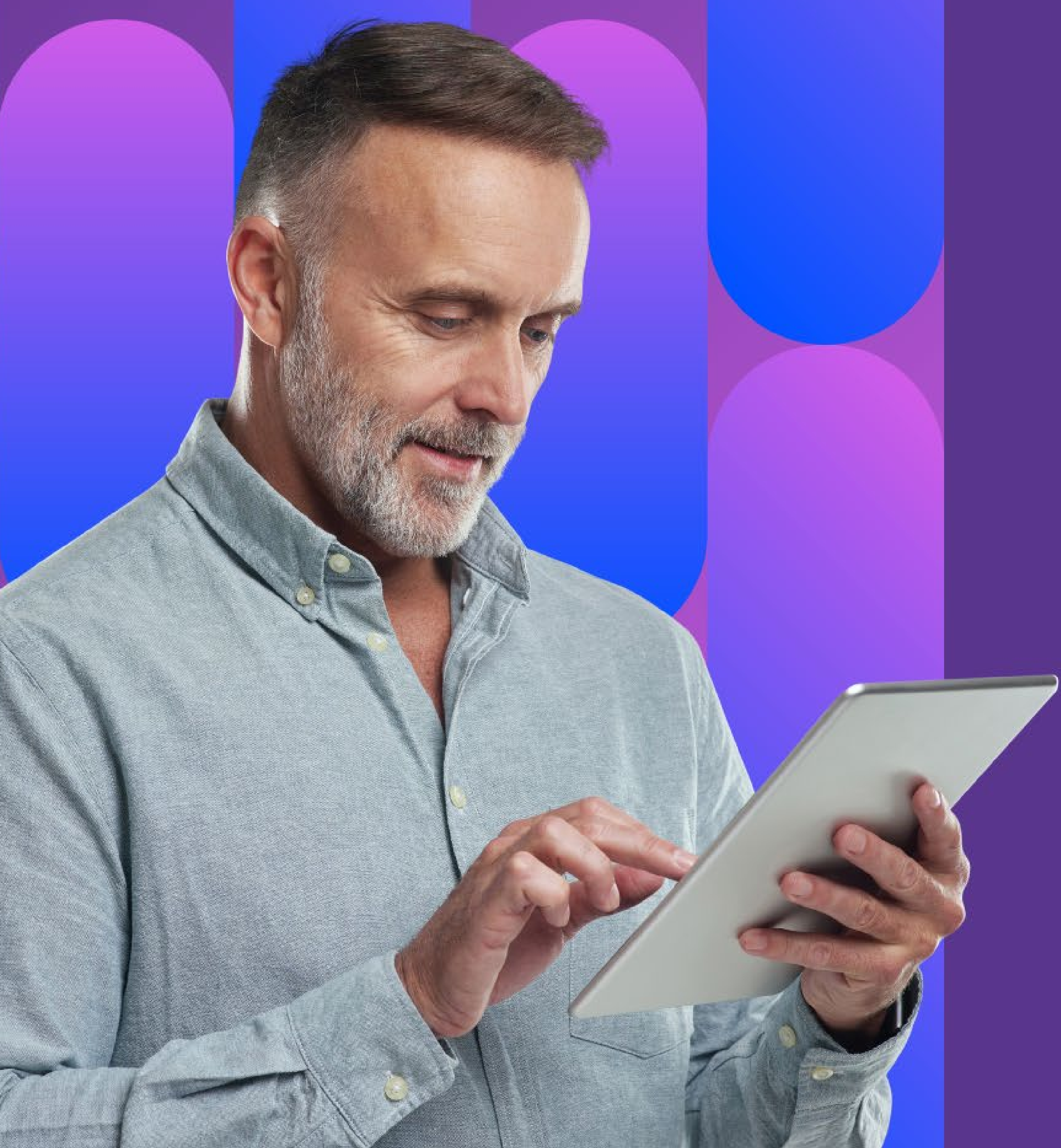
How people pay in rising markets





How businesses pay in rising markets

FROM P2P TO P2B

The new ways to pay merchants in emerging economies

In a nutshell

- P2P-born payments such as instant transfers, digital wallets, and mobile money are now the go-to method for online purchases in many emerging markets, bringing more people in and accelerating the growth of digital commerce.
- Instant is the new cash: payments like India's UPI and Brazil's Pix provide convenience and speed that mimics cash transactions, contributing to the digitization of both consumers and companies.
- In all macro-regions, alternative payment methods are set to surpass cards in online sales by 2027 while also evolving to provide a user experience more akin to cards: instant, seamless, and fundamentally online.

The uptake: A2A (account-to-account) transfers are fueling a more open and fast money movement and transforming how people engage with financial transactions, ushering in new opportunities for digital commerce in emerging markets.

PAYMENT METHODS FOR DAY-TO-DAY PURCHASES ARE BECOMING GO-TO OPTIONS FOR DIGITAL COMMERCE IN RISING MARKETS

The recent growth of new payment methods, largely driven by emerging economies, signals significant changes in global consumer behavior.

The rising popularity of P2P (person-to-person)-born payment systems —either instant transfer methods, digital wallets, or Sub-Saharan Africa's ubiquitous mobile money— indicates a major cultural shift within the digital payments landscape.

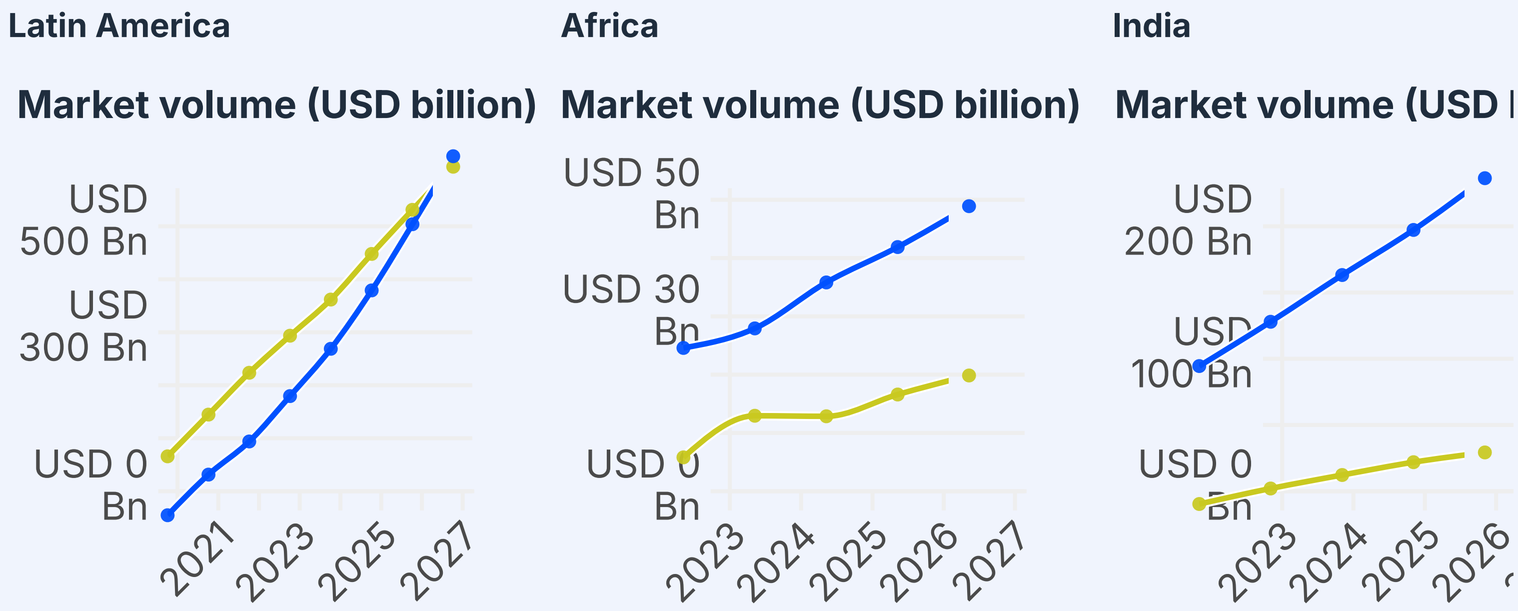
These methods, characterized not only by their real-time transfer capabilities but also by their seamless, mobile-born, and digital-first operations, are redefining how people engage with financial transactions and fostering the growth of digital commerce.

Though many of these alternative payment methods (APMs) weren’t initially designed for paying merchants, their deep integration into daily life makes them the dominant choice for online purchases in many countries. This is particularly true in regions with limited access to cards and bank accounts.

Alternative payment methods dominate online sales in emerging markets...

In Latin America, APMs are set to surpass cards by 2027, while in Africa and India, they have been predominant for years

Cards Alternative payments

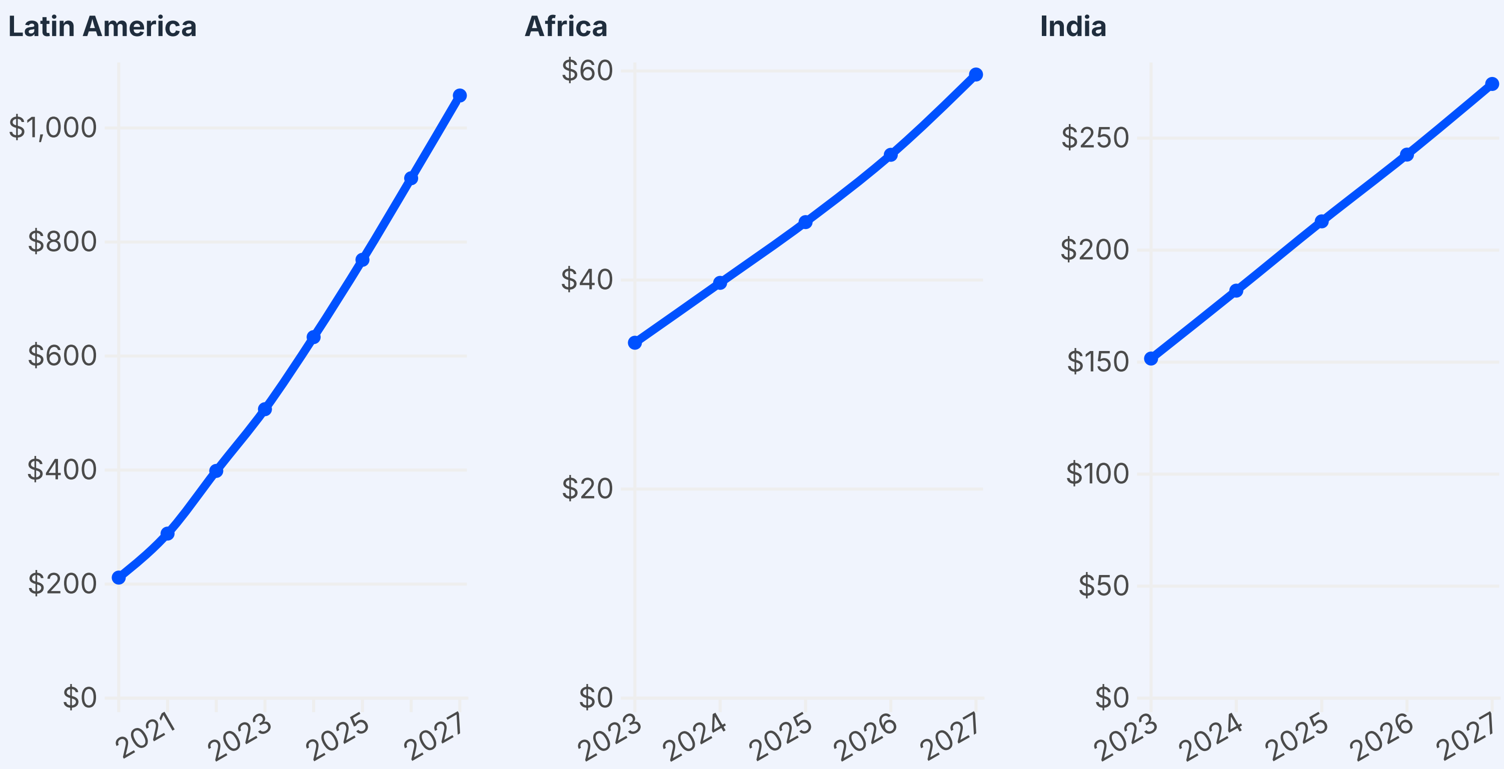


Source: PCMI, 2024 • **Alternative payments:** everything but cards (e.g.: account-based transfers, digital wallets, cash).
Latin America: top 15 countries. **Africa:** Egypt, Nigeria, Kenya, and South Africa.

...spurring a major growth on digital commerce

Expansion in LatAm, Africa, and India is set to outpace global growth rates significantly in the coming years

online sales volume, in USD billion



Source: PCMI, 2024 • **Latin America:** top 15 countries. **Africa:** Egypt, Nigeria, Kenya, and South Africa.

Now, these APMs are poised to achieve significant milestones in the digital commerce realm.

According to projections by Payments and Commerce Market Intelligence (PCMI), the coming years will bring significant growth to digital commerce in several emerging markets. The compound annual growth rate (CAGR) for 2023-2027 is estimated at 19% across the 20 largest markets in Latin America, Africa, and Asia. This far surpasses the global average CAGR of 9.5% projected for 2022–2027, as forecasted by **GlobalData**.

Alternative and P2P-originated payment methods push this growth, accounting for most online transactions in markets such as Brazil, India, Argentina, Nigeria, and Egypt.

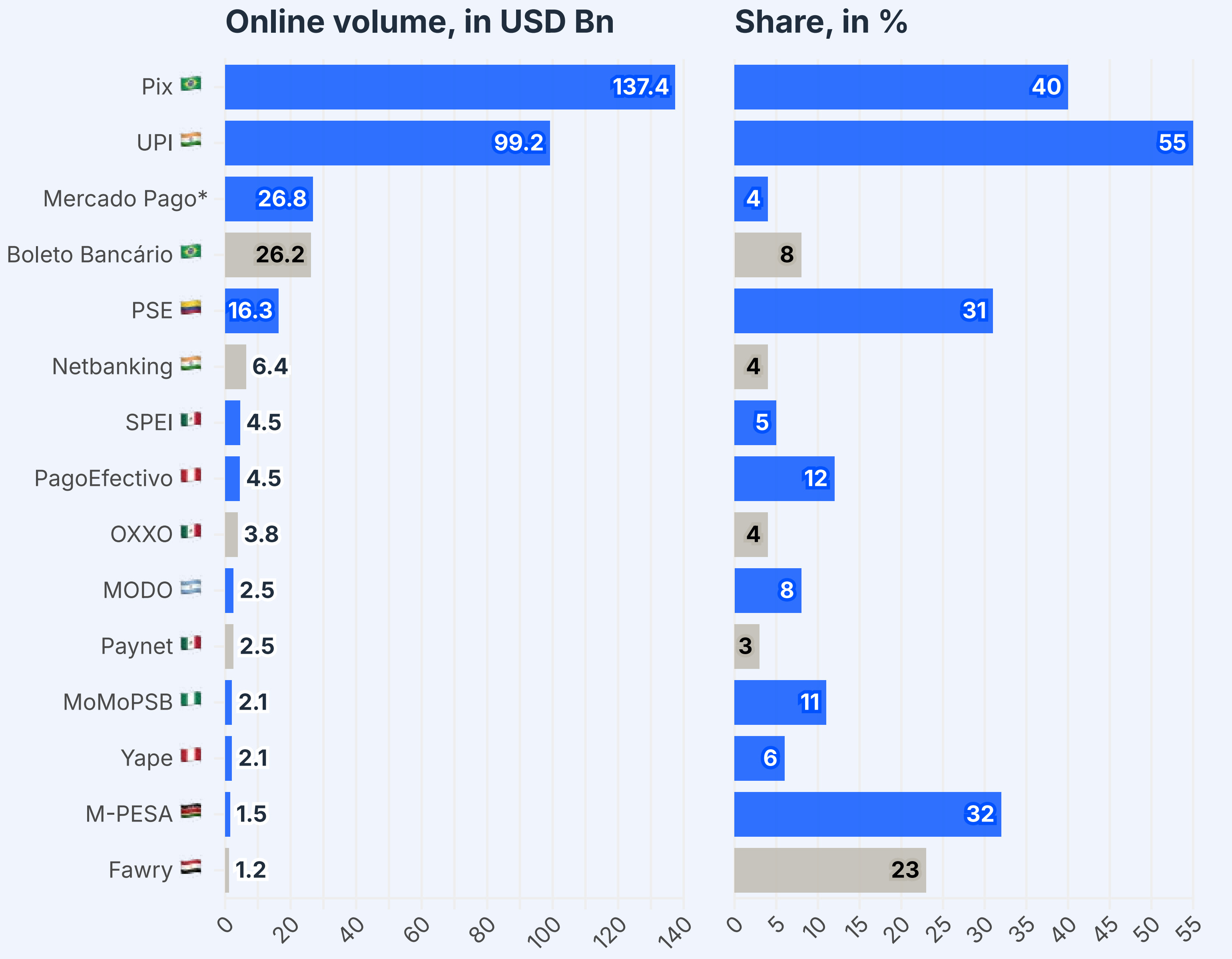
"P2P-born transactions are changing the way people consume online across the globe," states João Del Valle, CEO and Co-Founder at EBANX.

The dominant alternative payments in digital commerce are P2P-born

With widespread adoption, Brazil's Pix and India's UPI set global benchmarks for APMs

in blue: P2P-born

estimated volumes for 2024



Source: PCMI, with EBANX estimates for 2024 volume • Share of online sales within the payment country.
* Mercado Pago's share considers the 7 Latin American countries where it operates (AR, BR, CL, CO, MX, PE, UY). In Argentina, its home country, it represents 29% of online sales.

> **"P2P-born transactions are changing the way people consume online across the globe."**
>
> **João Del Valle**
> CEO and Co-Founder at EBANX

The increasing popularity of these APMs has clear ties to the demographic characteristics of emerging markets, where a significant portion of the population is unbanked or underbanked, with limited or no access to credit or debit cards.

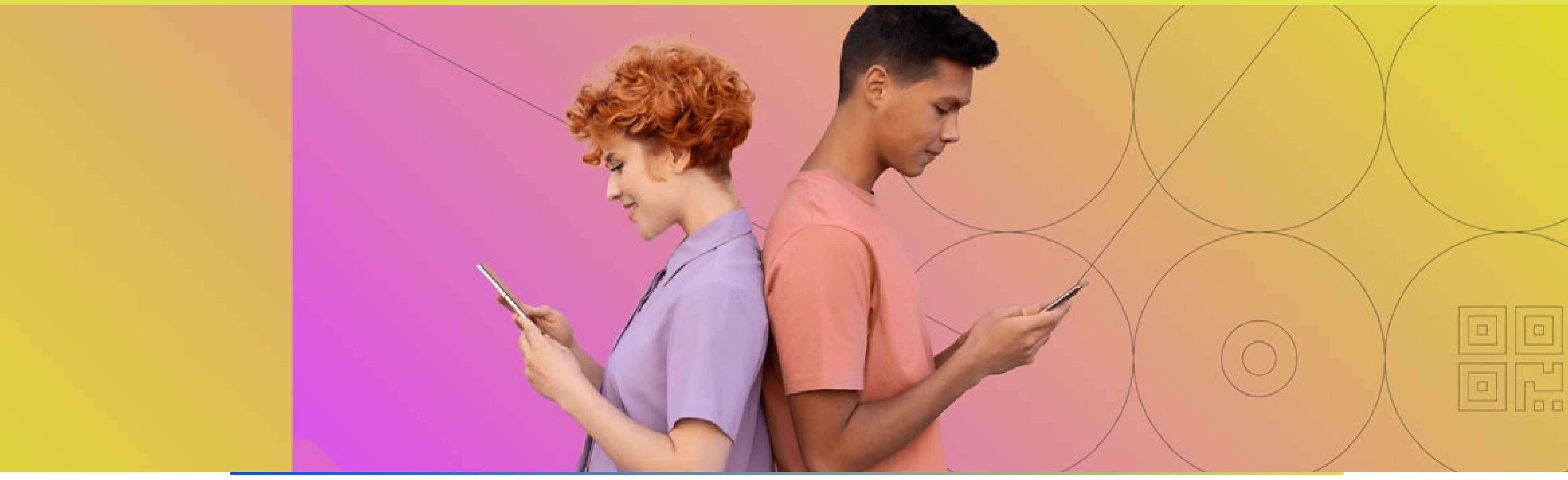
Many of these consumers have mobile phones and/or internet access, making them more inclined to adopt mobile-native payment solutions. Therefore, in many locations, those A2A (account-to-account) transactions also play an important role in financial and even digital inclusion.

83%

of people in developing countries have a mobile phone – a higher penetration than bank accounts (71%) or cards (46%), per the World Bank

Companies looking to unlock the full potential of these markets should closely monitor emerging local payment methods, deeply rooted in P2P-born transfer of funds, which are driving new consumers toward digital commerce.

"It's not only about offering more options. It is also about bringing people in," says Del Valle.



Who are the new consumers, and what are their preferred payment methods?

A large number of people are expected to enter the consumer market over the next decade, marking a significant shift in economic participation.

In many emerging economies, the remarkable growth in digital commerce can be largely attributed to the overall expansion of the consumer class, as the World Data Lab (WDL), a global data analytics company specializing in spending and demographic data, points out.

697M people

will join the consumer class in rising markets until 2034, per the World Data Lab

WDL indicates that 60% of Latin America's population belongs to the consumer class as of 2024. In the top African markets (Kenya, Egypt, Nigeria, and South Africa), this group represents 29% of the population, while in Asia, it accounts for 44%.

Per WDL, the consumer class comprises individuals who can afford to purchase goods and services beyond their basic needs. By the same parameters, this group includes those who spend at least USD 12 daily.

The expansion of the consumer class is particularly significant in Asia, which has experienced an annual growth rate of 5.4% since 2016. According to WDL, this region is projected to have 67% of its population classified as part of the consumer class by 2034, surpassing Latin America.

This shift is especially noteworthy, as Asia had the lowest share of the consumer class among the regions analyzed in 2016. By 2034, it is expected to claim the highest share, posing a huge opportunity for global companies.

Naturally, these emerging consumers are set to drive a significant rise in overall consumption levels by 2034.

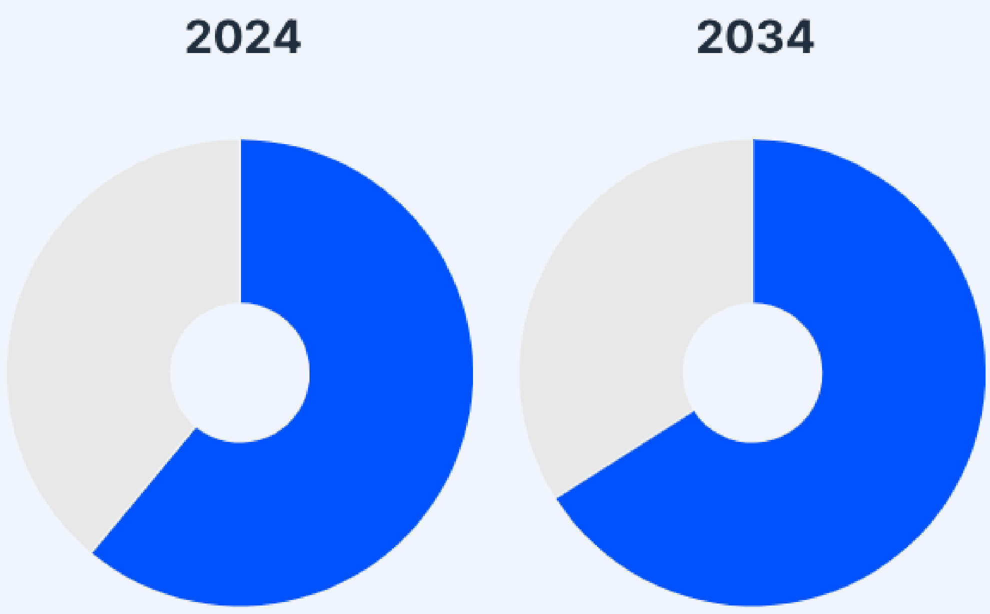
In Asia, spending is projected to grow by an impressive 122% within 10 years despite a modest population growth of 7%. Spending in Africa is expected to increase by 103%, even as the population grows by just 19%. In Latin America, spending growth is projected at a more moderate rate of 57%.

The impressive growth in consumer spending in Asia is driven by its youthful, tech-savvy population and expanding digital ecosystem. According to **Statista data,** online sales are expected to grow by 14% annually across emerging Asian countries by 2027, with India leading the charge. This surge in e-commerce transactions is one of the primary drivers of rising consumer spending in the region.

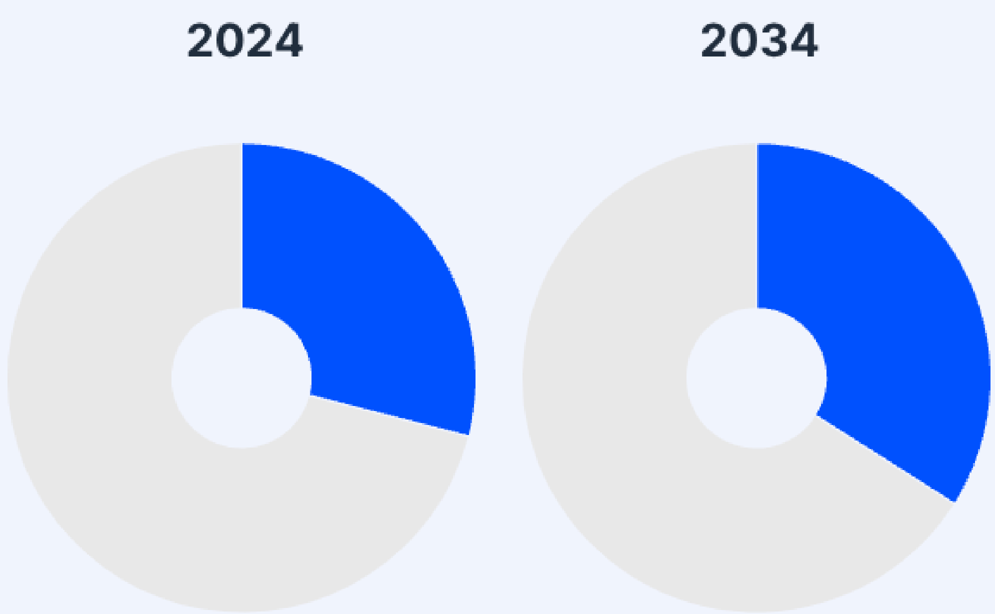
Emerging markets are poised for a consumer class boom in the next 10 years

The expansion is particularly significant in Asian markets, which have experienced an annual growth rate of 5.4%

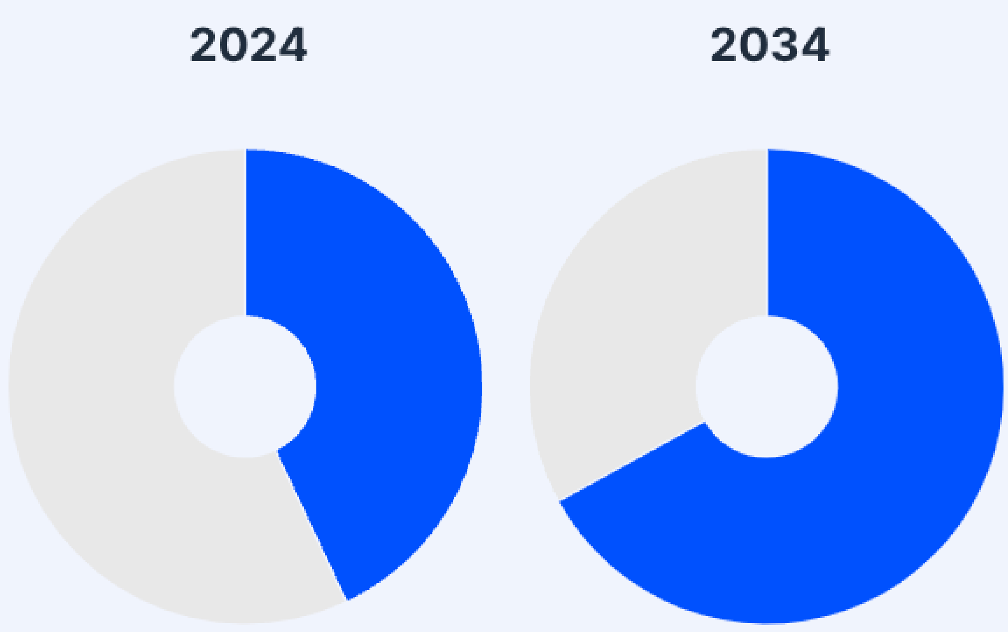
Share of consumer class in the main emerging regions **Latin America** | Africa | Asia



Share of consumer class in the main emerging regions Latin America | **Africa** | Asia



Share of consumer class in the main emerging regions Latin America | Africa | **Asia**



Source: World Data Lab, 2024 • **Consumer class:** share of people who spend above USD 12 daily. **Africa:** top 4 countries (Egypt, Kenya, Nigeria, and South Africa). **Asia:** Southeast Asia (Indonesia, Philippines, Vietnam, Thailand, Myanmar, Malaysia, Cambodia, Laos, Singapore, Brunei, East Timor) and India. **Latin America:** full region (28 countries).

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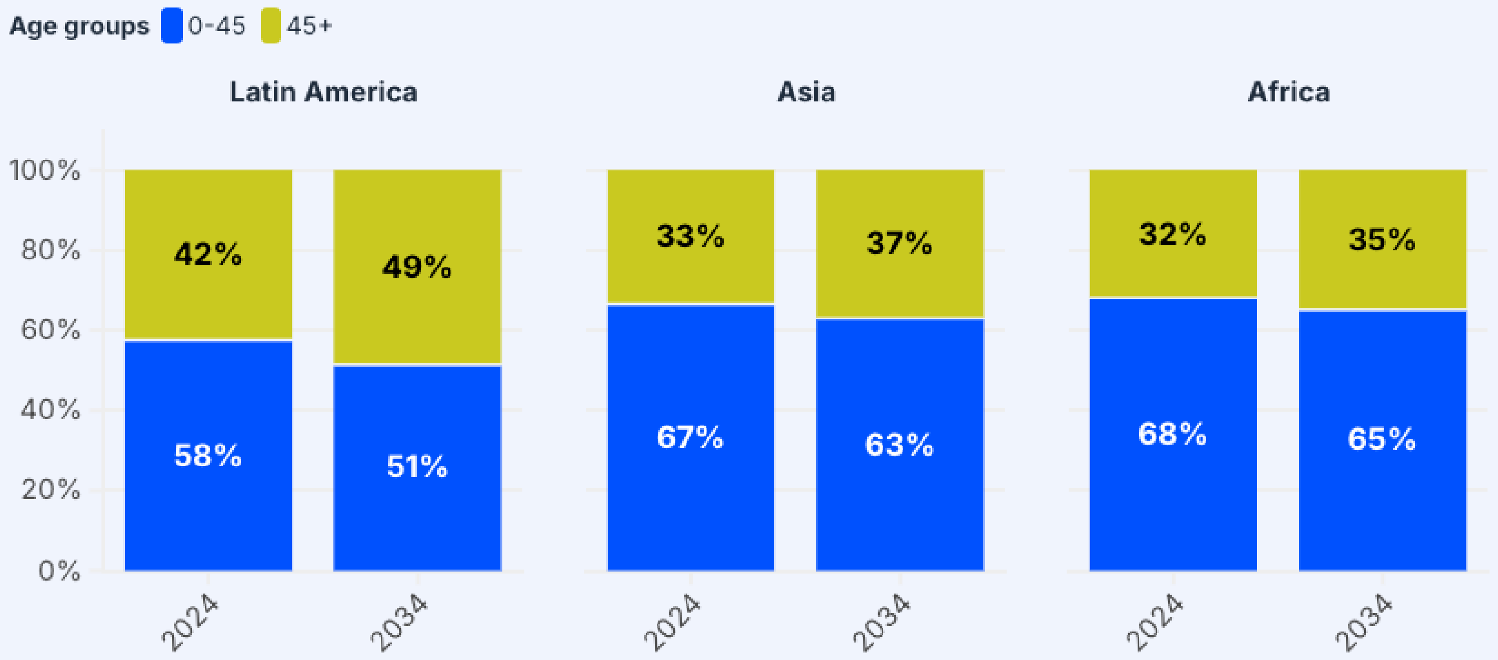
The new consumer class has an innate digital savvy

Across these macroregions, most of the consumer class is concentrated among individuals under 45. Projections for 2034 indicate that this demographic will remain dominant, with similar proportions persisting.

The majority of the consumer class is made of individuals under 45 years old

Population within the 0-45 age group is—and will increasingly be—defined by digital savviness and smartphone reliance

Spending breakdown by age groups in macro regions



Source: World Data Lab, 2024 • Considering consumer class only (people who spend above USD 12 daily). **Africa:** top 4 countries (Egypt, Kenya, Nigeria, and South Africa). **Asia:** Southeast Asia (Indonesia, Philippines, Vietnam, Thailand, Myanmar, Malaysia, Cambodia, Laos, Singapore, Brunei, East Timor) and India. **Latin America:** full region (28 countries).

Although there are various social and regional differences among individuals in these emerging markets, the population within the 0-45 age group is—and will increasingly be—defined by digital savviness and smartphone reliance.

As time passes, this generation will become even more eager to embrace digital solutions in their daily lives, including digital payment methods. Therefore, the new consumer will be digital.

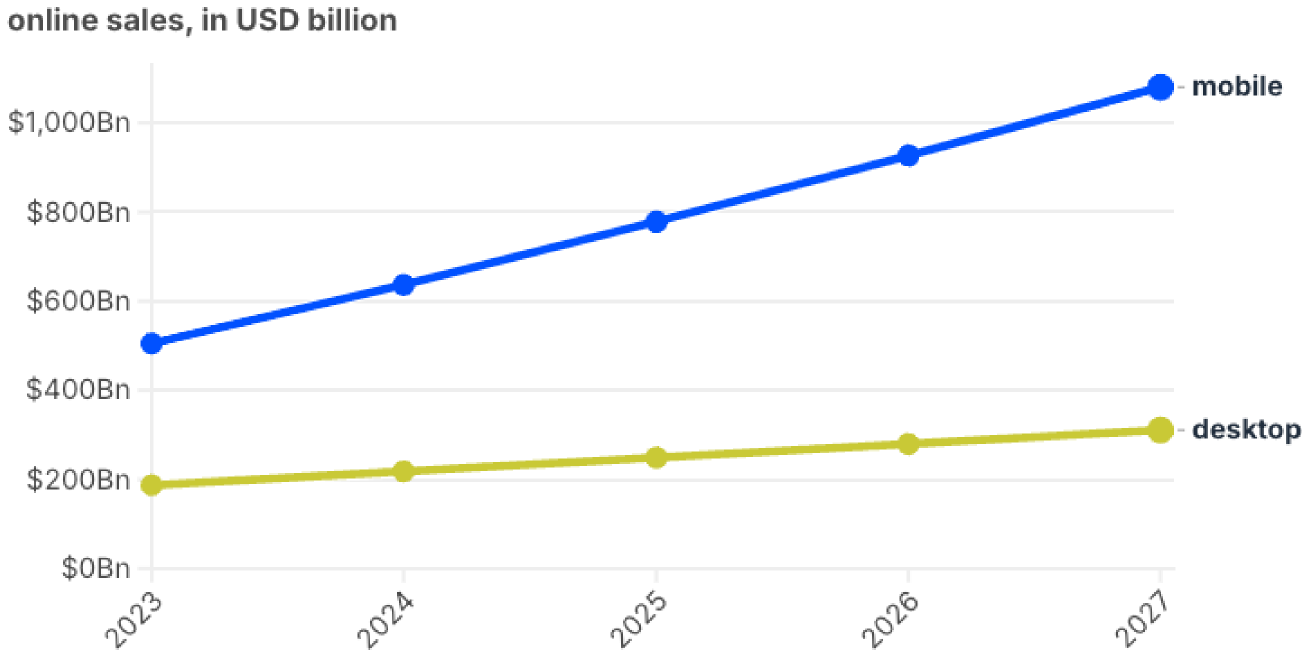
How they pay: instantly, through their phones

Despite diverse cultural preferences and varying social factors across populations in emerging markets, trends indicate that **mobile-based payments are poised to either grow in popularity or maintain their dominance.**

Most online sales in emerging markets are done through mobile phones

QR codes, mobile money, digital wallets, and other A2A transfers are expected to continuously gain ground in emerging markets

Rising markets | LatAm | Africa | India



Source: PCMI, 2024 • **Rising markets:** Latin America (top 15), Africa (Egypt, Kenya, Nigeria, and South Africa) and India.

Indian UPI and Brazilian Pix exemplify the shift toward mobile payments, along with other account-based transfers and, in some cases, digital wallets, which are steadily rising in popularity. Conversely, credit cards are expected to gradually lose some of their market share, although still growing in transaction value.

“A lot of emerging markets are actually ahead of developed markets because they're thinking about more flexible, consumer-friendly payment methods –with QR codes, digital wallets, A2A transfers,” says Andy McHale, Senior Director of Product and Market Strategy at Spreedly, a global open payments platform. “The US, the UK, and parts of Europe are still pretty card-centric and slowly adopting things.”

According to Lindsay Lehr, Managing Director of PCMI (Payments and Commerce Market Intelligence), in Latin America and other emerging markets, this trend is driven by a dual dynamic: banks recognize they don’t need to rely solely on cards for payments at the same time that they are facing growing competition from digital players such as fintech companies and wallets that are increasingly accessing bank rails.

“As a consequence, banks and regulators are pushing for interoperability and faster payments,” explains Lehr. “Once these rails are established, they can be leveraged for payments.”

Lehr also highlights the evolving landscape, noting that: “While these multiple payment players are creating market fragmentation, regulators are responding by working to enable real-time interoperability between bank accounts and digital wallets, creating ubiquitous real-time money movement infrastructure. This results in a more open payment ecosystem where money can move much faster”.

> **“While multiple payment players are creating market fragmentation, regulators are responding by enabling real-time interoperability. This results in a more open payment ecosystem where money can move much faster.”**
>
> **Lindsay Lehr**
> Managing Director of PCMI
> (Payments and Commerce Market Intelligence)

Most online sales in emerging markets are done through mobile phones

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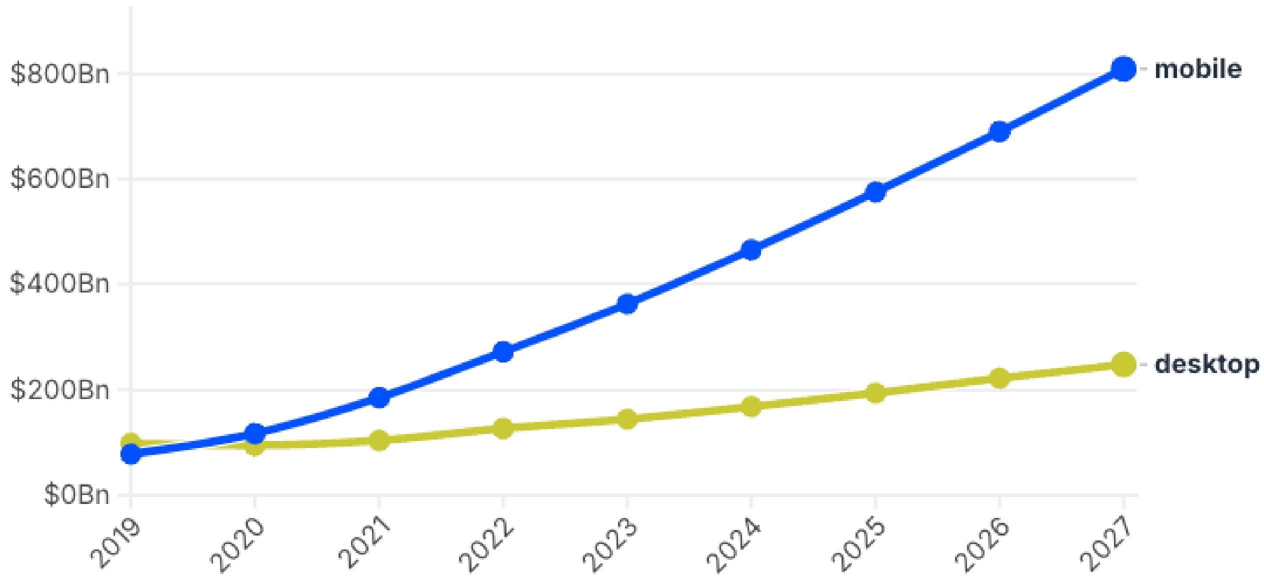
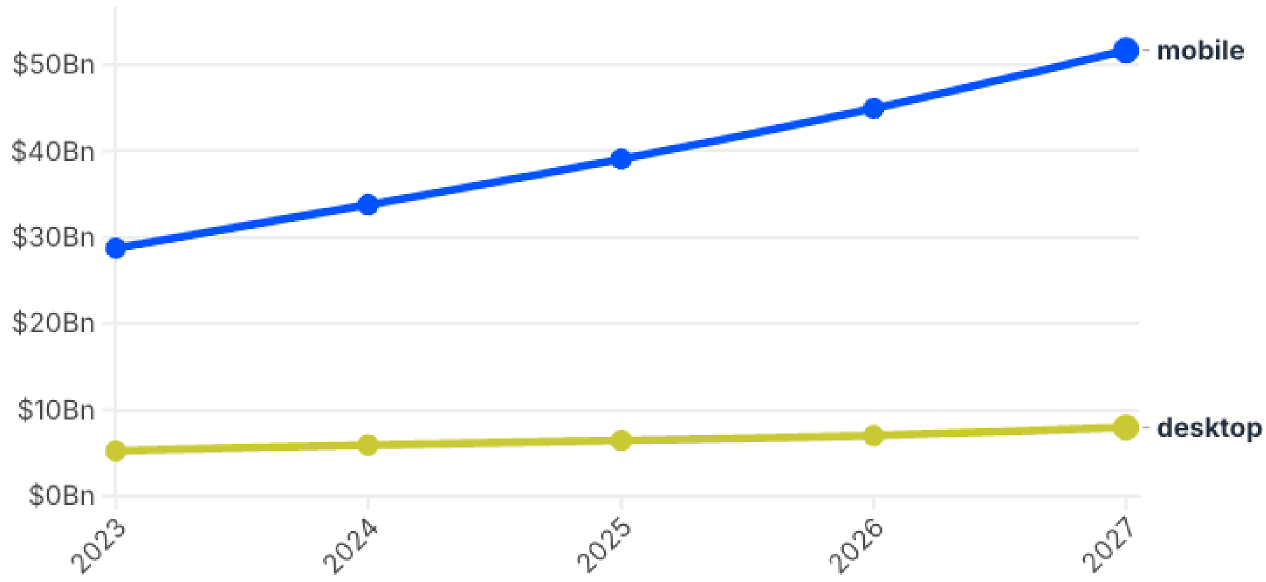
Rising markets | **LatAm** | Africa | India

online sales, in USD billion



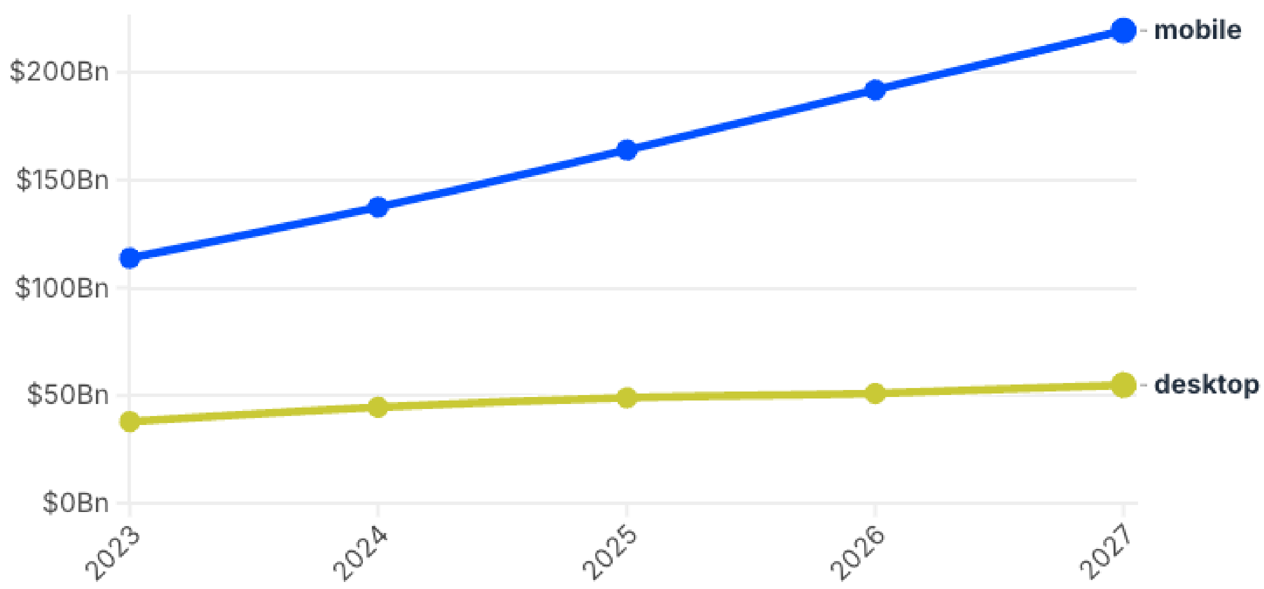
Rising markets | LatAm | **Africa** | India

online sales, in USD billion



Rising markets | LatAm | Africa | **India**

online sales, in USD billion



Source: PCMI, 2024 • **Rising markets:** Latin America (top 15), Africa (Egypt, Kenya, Nigeria, and South Africa) and India.

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The immediate consequence is **a "bubbly momentum" for account-based transfers as preferred payment methods, which will replace what was previously done in cash.**

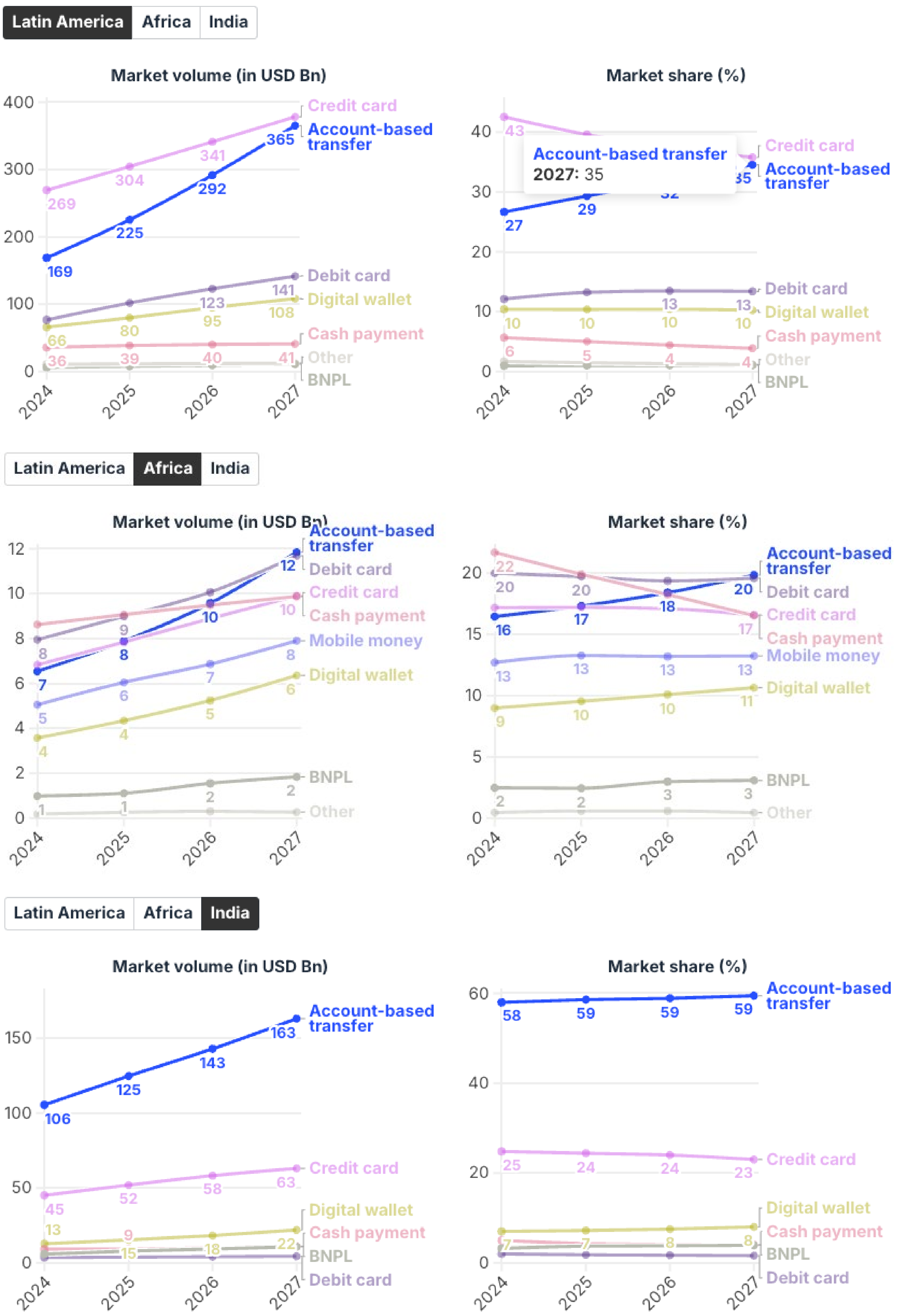
"This trend is already well-established for day-to-day transfers and is increasingly moving into digital commerce," she explains.

The challenge of adapting account-based transfers for digital commerce lies in integration and user experience. "Currently, in most countries, account-based transfers offer a clunky experience compared to cards, which have a long and successful track record. But it's coming. That's the next step", Lehr concludes.

Account-based transfer is rapidly growing as the preferred APM in emerging markets

The trend is well-established for everyday transactions. According to experts, digital commerce is the next step

Market share and volume by payment method per region



Source: PCMI, 2024 • **Alternative payments:** everything but cards

The leaders of this trend are India's UPI and Brazil's Pix. PCMI's forecast for the 2024-2027 period concluded that UPI will continue to dominate the online market in India, while Pix is following a similar trajectory in Brazil.

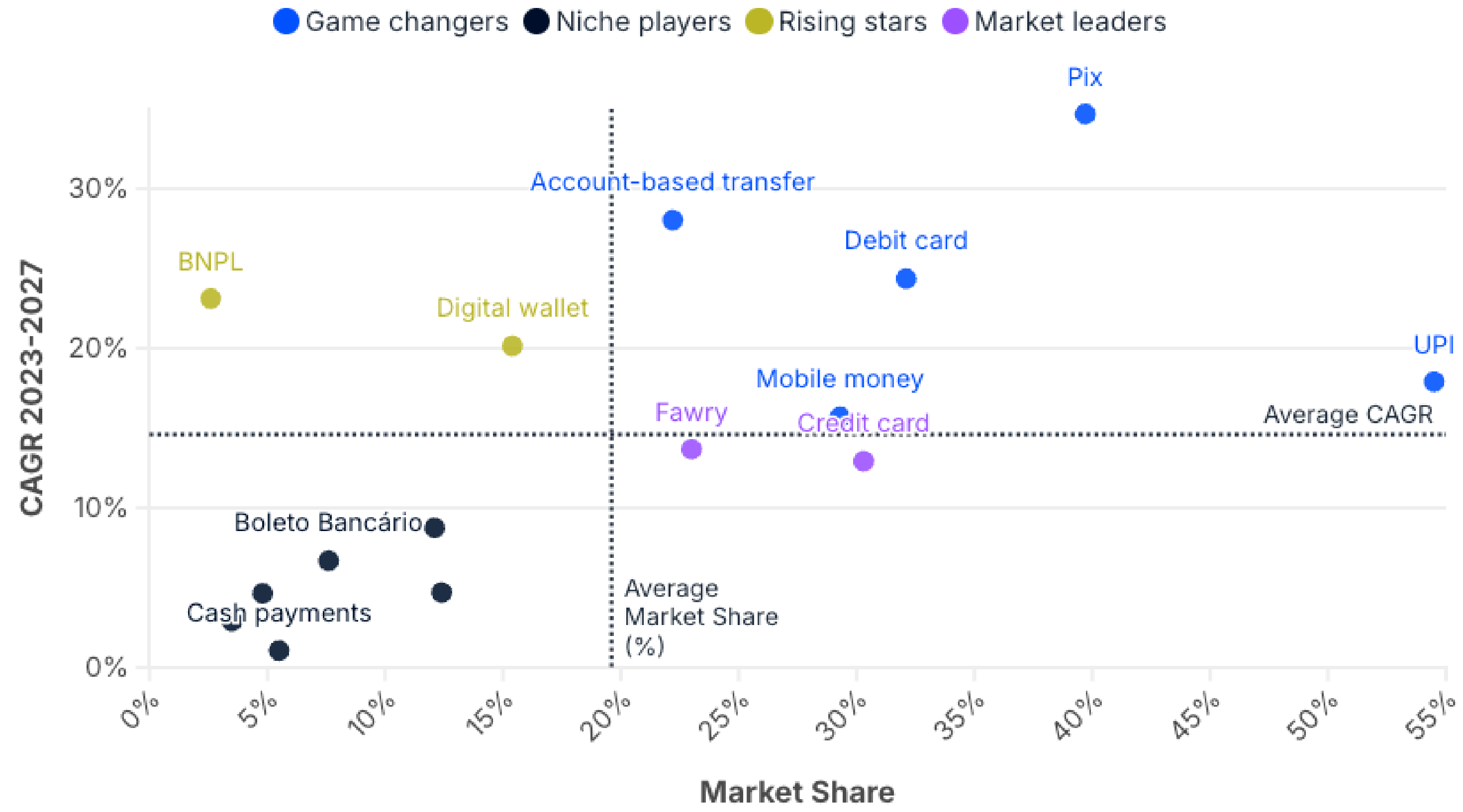
In Africa, account-based transfers are set to gain ground, potentially reaching parity with debit cards.

Other rising APMs, such as digital wallets and mobile money, are expected to gain traction. The latter is already an established payment method in many Sub-Saharan African countries.

As shown before, APMs are set to surpass cards in all macroregions by 2027. Most of them are game changers in digital commerce, attracting more customers and accelerating the growth of online transactions.

UPI and Pix are the undisputed game changers in rising markets

Other rising APMs based on instant transfers, such as digital wallets and mobile money, are expected to gain traction



Source: PCMI, 2024 • For payments used in more than one country, the market share represents a weighted average of these countries, controlled by their market volume.

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Instant is the new cash

The rapid growth of digital and instant payment solutions in emerging markets reveals how they **provide a viable alternative to cash.**

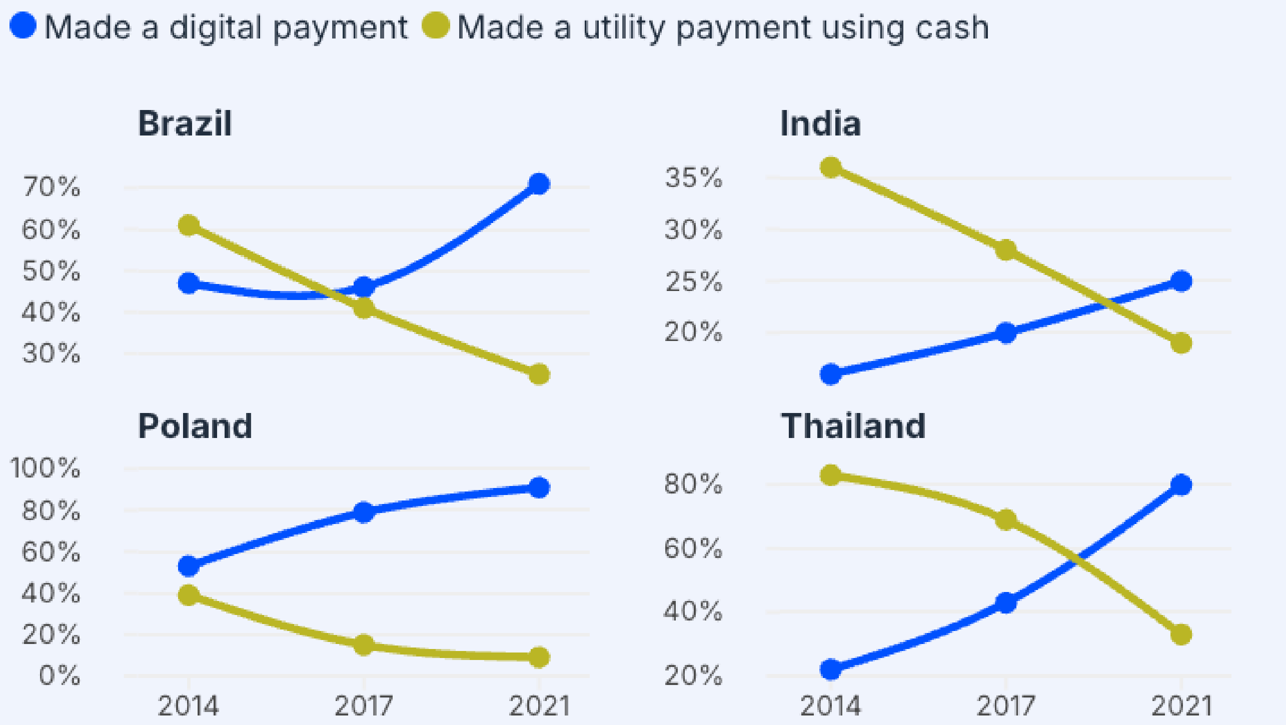
“Instant is the new cash," states Juliana Etcheverry, Director of Country Growth – Latin America at EBANX. She elaborates: "We are talking about payment systems that provide the same level of convenience and speed that, in a way, mimics cash transactions. This is also why instant payments have such success and uptake in emerging economies."

High smartphone penetration and the consequential widespread adoption of digital technologies are key drivers for this shift. Additionally, a large portion of the population remains underbanked, with no card access or usage, pushing them towards A2A transactions. Countries that implemented highly successful instant payments, such as Brazil, India, and Poland, have seen a drop in cash transactions while digital payments have flourished.

Use of cash drops as digital payments flourish

Countries such as Brazil, India, Poland, and Thailand have implemented successful instant payment systems and seen cash usage drop; high smartphone penetration is a key driver

% of adult population



Source: World Bank Global Findex, 2021

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"Instant payments provide the same level of convenience and speed that, in a way, mimics cash transactions, and this is also why they have such success and uptake in emerging economies."

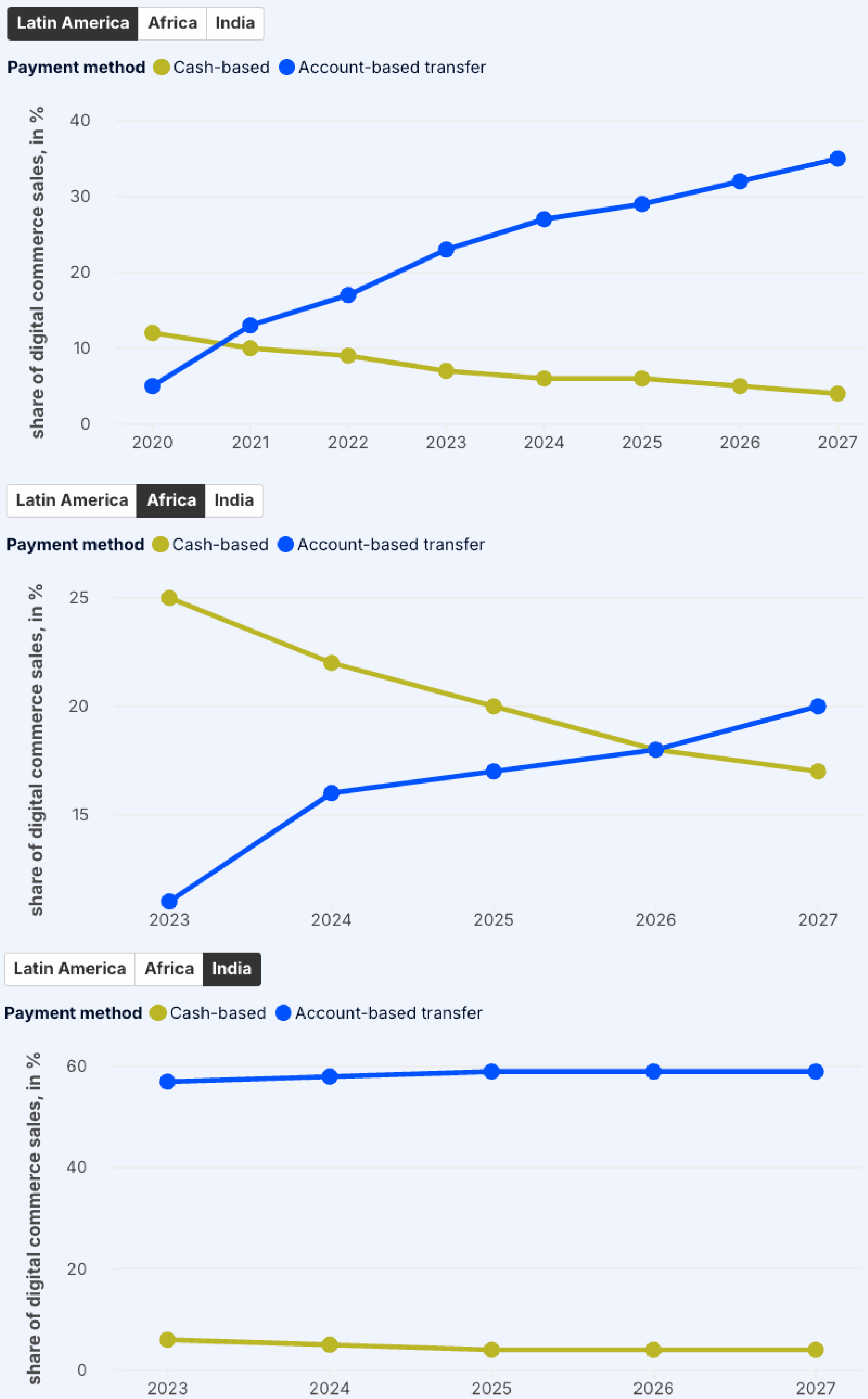
Juliana Etcheverry
Director of Country Growth – Latin America at EBANX

An anecdotal payment tale that showcases how digital payment methods have displaced cash comes from Singapore, where transactions via QR codes are thriving. As Lindsay Lehr recalls, "In informal street food stands, [vendors] will say, 'Cash or QR?' You can scan the QR code and make the transfer, and it works, at a very low cost to the merchant."

This trend is increasingly evident in e-commerce, where the share of cash payments in digital transactions continues to decline yearly across all regions, making way for account-based transfers. In Africa, an area historically reliant on cash-based transactions, those A2A payment methods are projected to overtake cash as the dominant payment method by 2026.

In e-commerce, the share of cash payments continues to decline year after year

In Africa, account-based transfers are projected to overtake cash in online sales share by 2026, while in Latin America and India, this has already happened



Source: PCMI, 2024 • **Cash-based** includes Boleto Bancário in Brazil, PagoEfectivo in Peru, cash on delivery, and cash vouchers such as OXXO (Mexico) and Fawry (Egypt). **Account-based transfer** includes bank transfers, electronic funds transfer, Pix in Brazil, and UPI and netbanking in India.

MEET THE PAYMENTS

The A2A transfers that are shaping the future of digital commerce

In the rapidly evolving digital commerce landscape, **account-to-account (A2A) transfers have emerged as transformative payment solutions**, poised to reshape how consumers and businesses interact at both local and global levels.

Pioneering systems like India's Unified Payments Interface (UPI) and Brazil's Pix, alongside other emerging local solutions such as Colombia's PSE (and the soon-to-launch Bre-B), Egypt's InstaPay, and South Africa's PayShap, share a set of defining characteristics that have driven their rapid adoption and transformative impact.

These platforms leverage real-time payment frameworks to deliver fast, cost-effective, and accessible A2A transactions without intermediaries. Their focus on inclusivity and innovation makes them appealing to both urban and traditionally underserved communities. They support a wide range of use cases from P2P transfers to, eventually, e-commerce transactions, cementing their role as essential tools in regional markets.

As digital economies expand, these systems reveal a broader trend: the convergence of payments and technology in enabling financial empowerment.

UPI: TRANSFORMING INDIA INTO A GLOBAL DIGITAL PAYMENTS LEADER

Since its launch in 2016 by the National Payments Corporation of India (NPCI), the Unified Payments Interface, known as UPI, has sparked a digital and payments revolution across India and inspired similar initiatives worldwide.

The unprecedented growth of the Indian instant payment method has **rapidly transformed the country from a predominantly cash-based economy into a global leader in digital payments.**

In recent years, cash usage in the country has declined significantly, according to **a study conducted by the Reserve Bank of India (RBI)**. The analysis introduced a Cash Usage Indicator (CUI) that evaluates the share of cash usage by considering both physical and digital payment methods. It has dropped from over 80% in 2021 to as low as 52% in 2024.

At the same time, UPI's share of P2B (person-to-business) payments grew significantly, currently representing about 62% of total transactions and 26% of their value, and growing twice as fast as P2P transactions, per the RBI study.

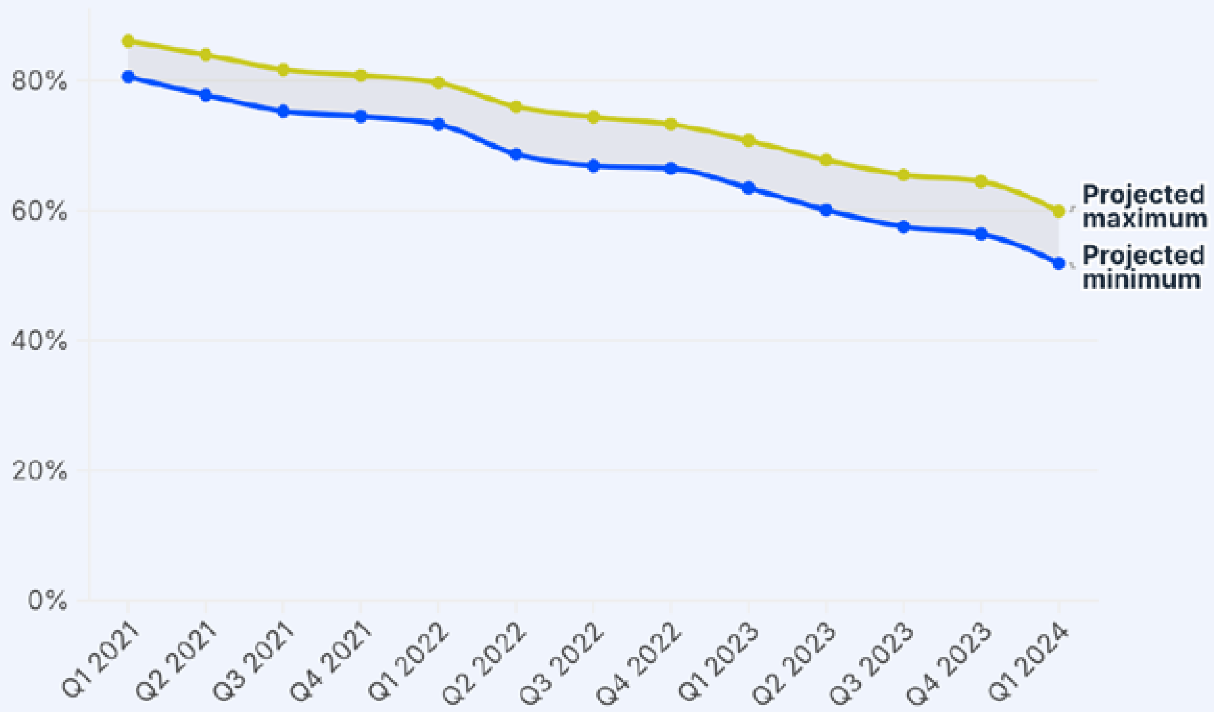
Not only does UPI support transactions through QR codes, enabling customers to scan and initiate transfers seamlessly, it also integrates with a wide range of digital wallets, third-party apps, and banks, allowing payments through any compatible platform.

With over 100 applications supporting UPI—including WhatsApp—it has become a versatile and widely adopted payment method. For instance, a customer can use apps like Paytm or PhonePe to pay a merchant with UPI, or using a Google Pay QR code.

India's cash usage saw a significant decline in recent years

UPI has rapidly transformed the country from a predominantly cash-based economy into a global leader in digital payments

cash usage estimate in India, in % of retail payments



Source: Reserve Bank of India

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As a direct result of their integration with UPI, apps like Paytm, Google Pay, and PhonePe have also achieved widespread consumer acceptance. These platforms offer more than just P2P transfers or card storage; they also enable users to pay utility bills, book tickets, and even, in some cases, make investments, embedding themselves as essential tools for everyday financial management.

Finally, UPI has also evolved to different use cases, gradually going from P2P to P2B transactions, including recurring payments through the UPI AutoPay feature, and **credit card-linked payments via RuPay**, a local credit card network.

“UPI is the poster child of instant payments worldwide not only for its digital inclusion and uptake but also for the ecosystem it created around itself,” says Rashmi Satpute, Country Director for India at EBANX.

Another important aspect of local consumer behavior deserves attention: **many Indians perceive UPI as a more convenient alternative to credit cards**, especially for small value, recurring transactions. This perception stems from UPI's ability to facilitate transactions without requiring the disclosure or storage of sensitive card information. This feature has significantly enhanced security and fostered greater consumer trust.

> **“UPI is the poster child of instant payments worldwide not only for its digital inclusion and uptake but also for the ecosystem it created around itself.”**
>
> **Rashmi Satpute**
> Country Director for India at EBANX

UPI's influence has expanded beyond India, shaping the payment ecosystems of other South Asian economies while promoting the usage of QR code transactions. Countries such as Bangladesh, Nepal, and Sri Lanka are leveraging this alternative payment method as a blueprint to establish their own instant payment infrastructures.

There are ongoing discussions around forming a South Asia payments bloc, currently called **Project Nexus**, enabling QR code interoperability between UPI and similar regional systems. “In many Asian markets, QR codes are synonymous with wallets for consumers,” explains Lindsay Lehr, Managing Director of Payments and Commerce Market Intelligence (PCMI).

A growing gateway to e-commerce in India

While UPI is primarily the go-to method for day-to-day and small transactions in India, such as grocery shopping, **its drive toward digitizing the Indian economy has had a profound impact on digital commerce.** Major marketplaces like Amazon and Flipkart have already integrated UPI as a payment option in their checkouts, recognizing its growing influence.

“UPI has managed to bring a large segment of the young population, who previously weren’t shopping online, into the digital economy."

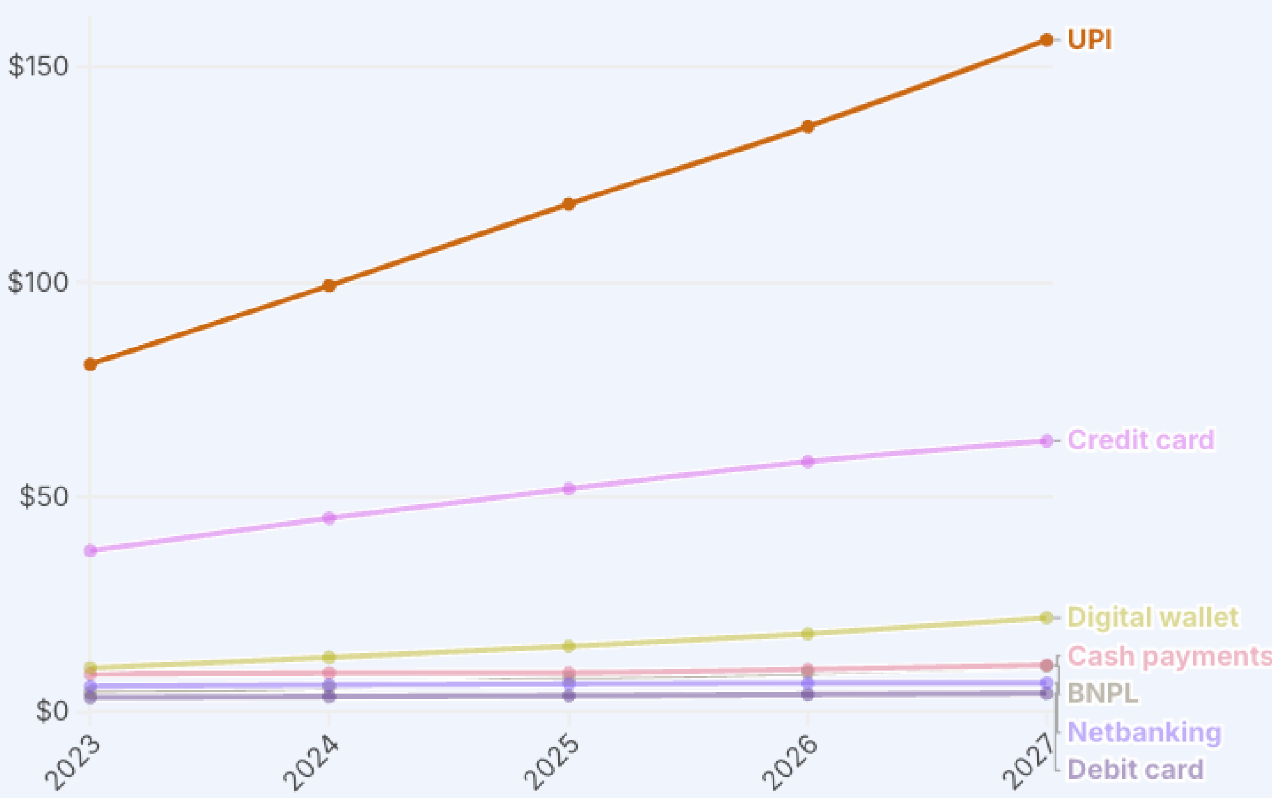
Rashmi Satpute
Country Director for India at EBANX

“UPI has managed to bring a large segment of the young population, who previously weren’t shopping online, into the digital economy,” states Satpute. “It has become their gateway to e-commerce. With such a vast market and population, the numbers will only continue to grow.”

Integrating UPI into digital commerce checkout processes has unlocked access to a potential market of over a billion consumers. According to PCMI, **UPI already accounts for 55% of digital commerce in India, underscoring its dominance and transformative role in the industry.** By 2027, the instant payment will reach over USD 150 billion in online transactions.

By 2027, UPI is projected to surpass USD 150 billion in digital commerce

volume of online sales by payment method, in USD billion



Source: PCMI, 2024

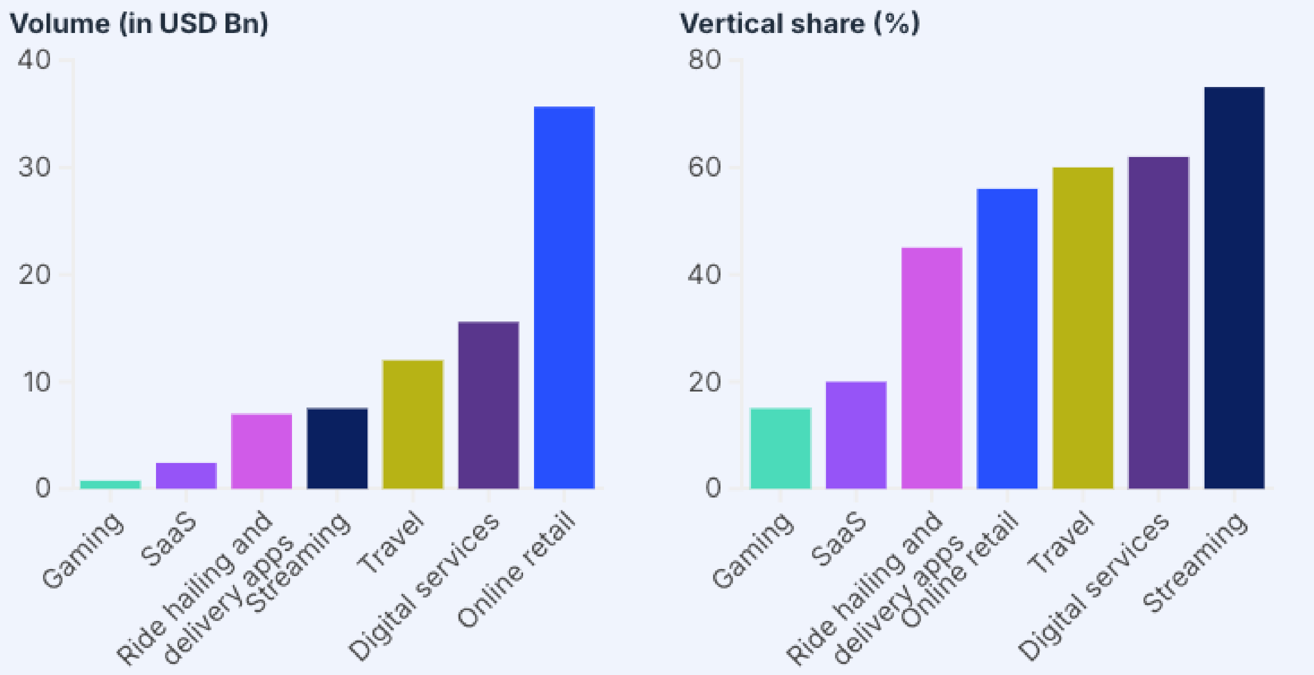
When analyzing different verticals, UPI emerges as the preferred payment method for almost all types of online purchases. Its usage is particularly prominent in streaming services (75%), thanks to its recurring payment capabilities and the fact that only 20% of the Indian population has access to a credit card, per the **World Bank**. In other words, UPI has been enabling access to subscription services in India, for consumers who otherwise wouldn't be able to pay for them.

UPI's online usage is also significant for digital services (62% of market share), travel (60%), and online retail (56%). As the largest online segment in India, the online retail vertical represents most of UPI's volume, with nearly 45% of its online value, per PCMI.

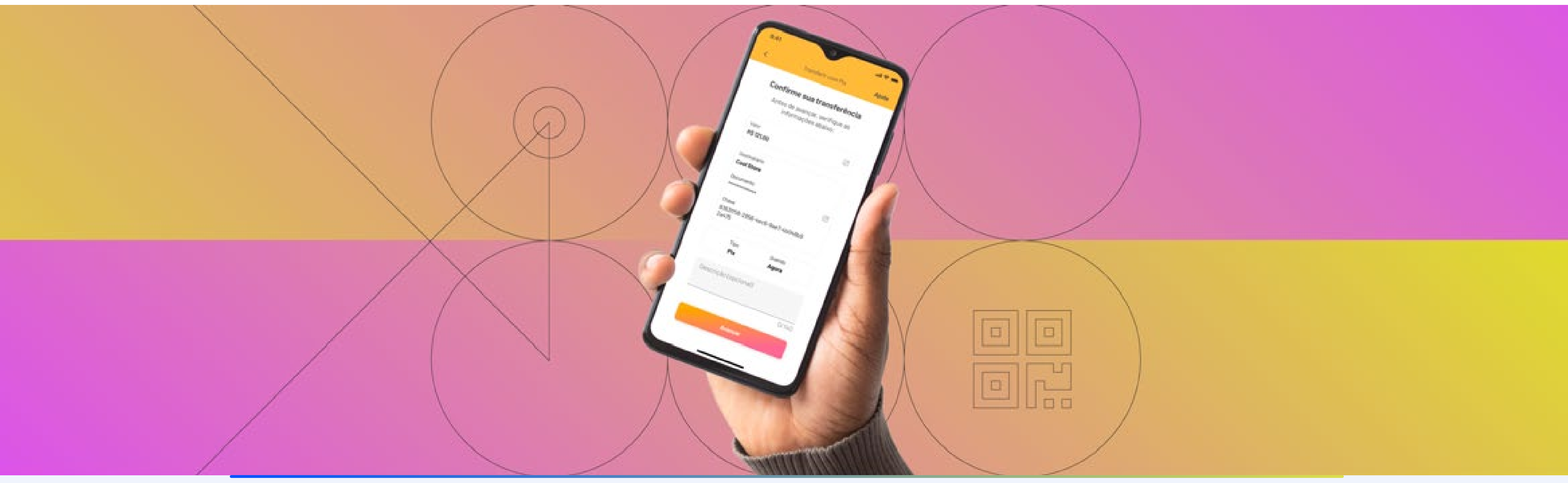
UPI is currently the preferred payment method for almost all types of online purchases

Usage is specially high in streaming services, driven by its recurring payment features and the low credit card penetration in India

UPI on digital commerce, 2023



Source: PCMI, 2024

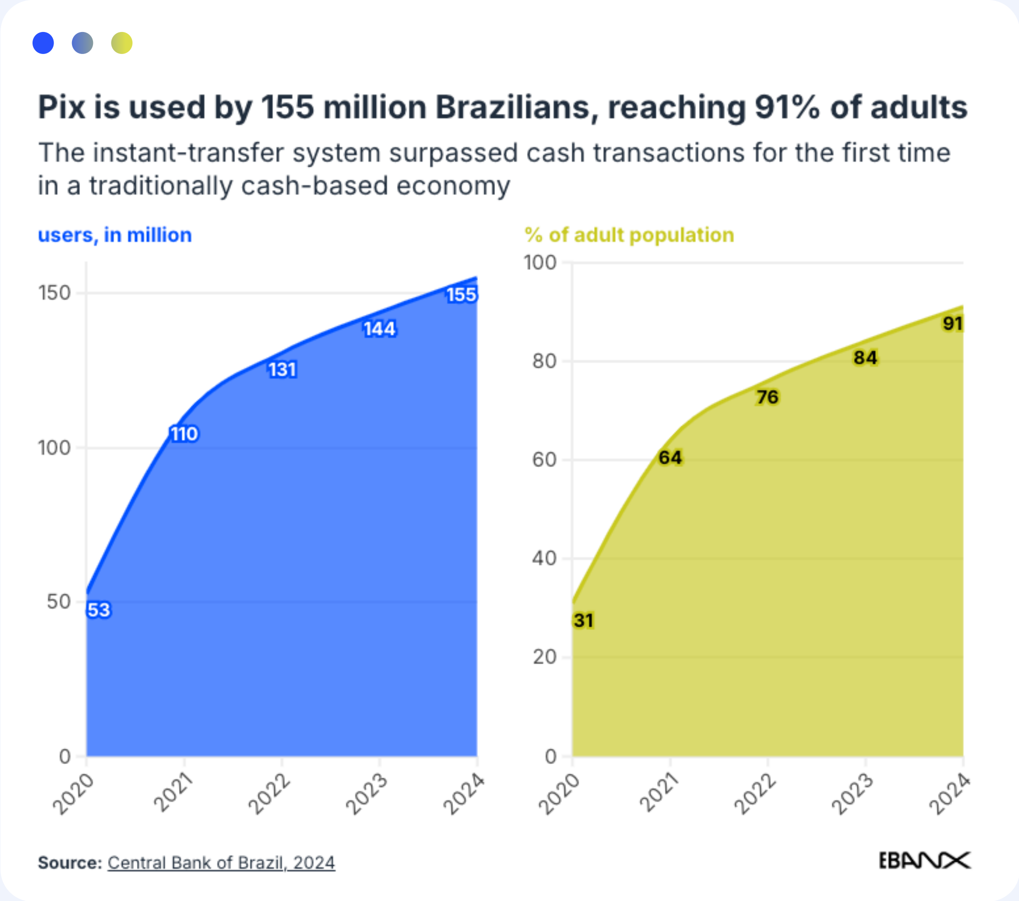


PIX: A STAR IS BORN IN LATIN AMERICA

In Brazil, Pix stands out as a success story, serving as a benchmark for similar systems across Latin America, just like UPI. Its mass adoption by Brazilians propels the region's transition from cash to digital transactions, paving the way for a more connected and efficient financial ecosystem.

According to **recent data from the Central Bank of Brazil**, **Pix is currently the most widely used payment method in the country, surpassing cash transactions for the first time in a traditionally cash-based economy.** 91% of Brazilian adults currently use Pix.

The survey **"Brazilians and Their Relationship with Money"** reveals that the instant transfer system is the most frequently used payment method for 46% of respondents and the preferred payment method as the value of the financial transaction increases.

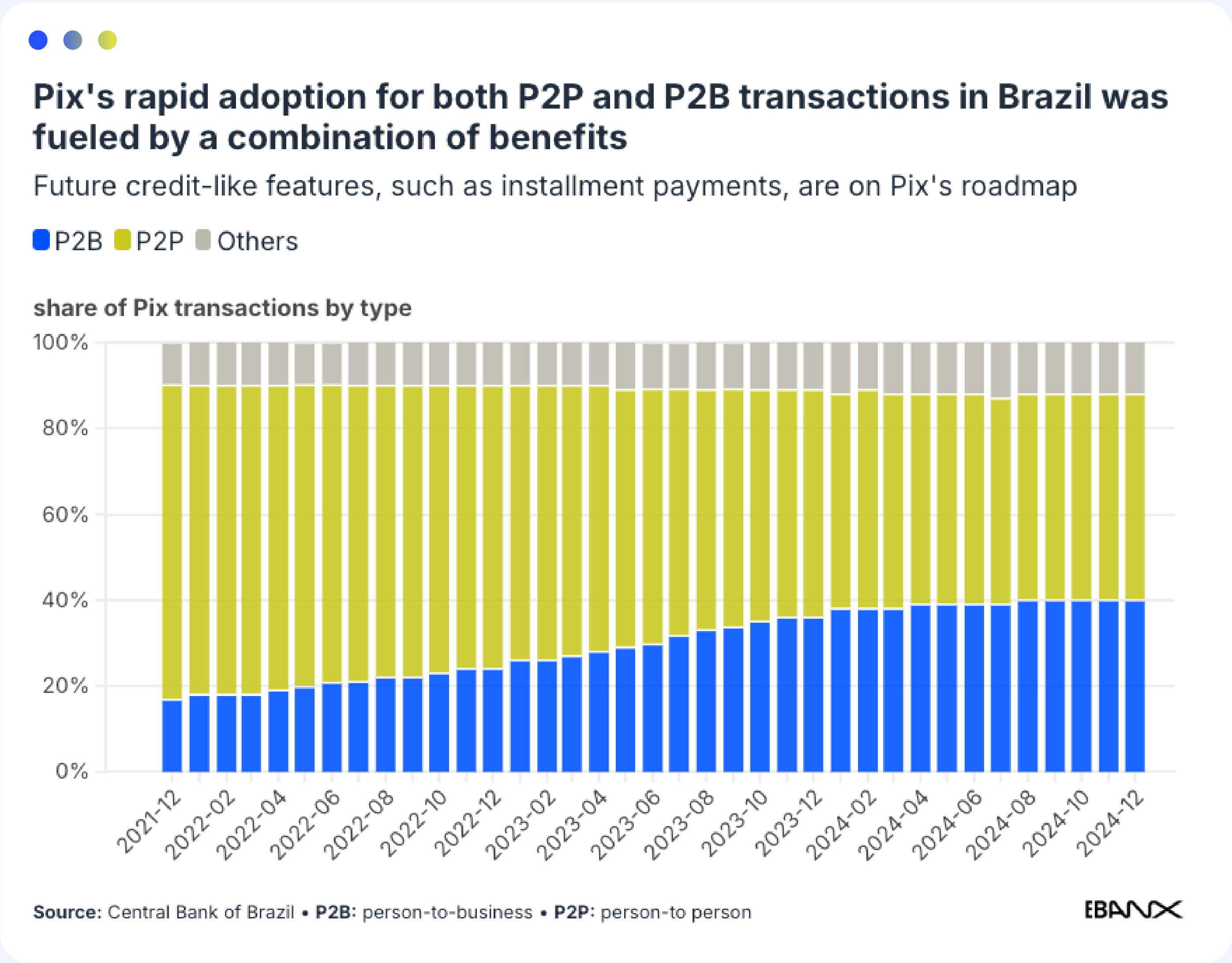


Consumers' widespread adoption of Pix stems from several key factors. **It is secure, practical, available 24/7, easy to use, and free of charge for consumers.** For merchants, Pix charges low fees compared to cards or other payment methods, and it has also enhanced business cash flow management.

From the **same survey conducted by the Central Bank of Brazil**, respondents overwhelmingly identified Pix as the most advantageous payment method across eight key categories: “security,” “enabling discounts,” “ease of use,” “low costs,” “expense control,” “widespread acceptance by merchants,” “suitability for emergency expenses,” and overall “convenience.” Pix’s ability to provide instant, secure, and cost-effective transactions has made it a standout choice for consumers in these areas.

The single category where Pix still falls short in terms of consumer benefits is within credit-card-like features, such as "installment payments." Traditional credit-based methods continue to dominate due to their ability to spread payments over time. This should change once Brazil's Central Bank launches Pix Garantido, a new feature for Pix that allows installment plans. Pix Garantido’s launch date has yet to be announced.

This combination of benefits for consumers and merchants has been crucial for its rapid adoption across Brazil, from P2P transfers migrating to other types of transactions.



The impact of Pix in digital commerce

In the digital commerce space, Pix's success is also largely driven by consumer behavior. As Eduardo de Abreu, Vice President of Product at EBANX, explains, the payment method that consumers already use for their daily transactions is the one most likely to gain widespread traction.

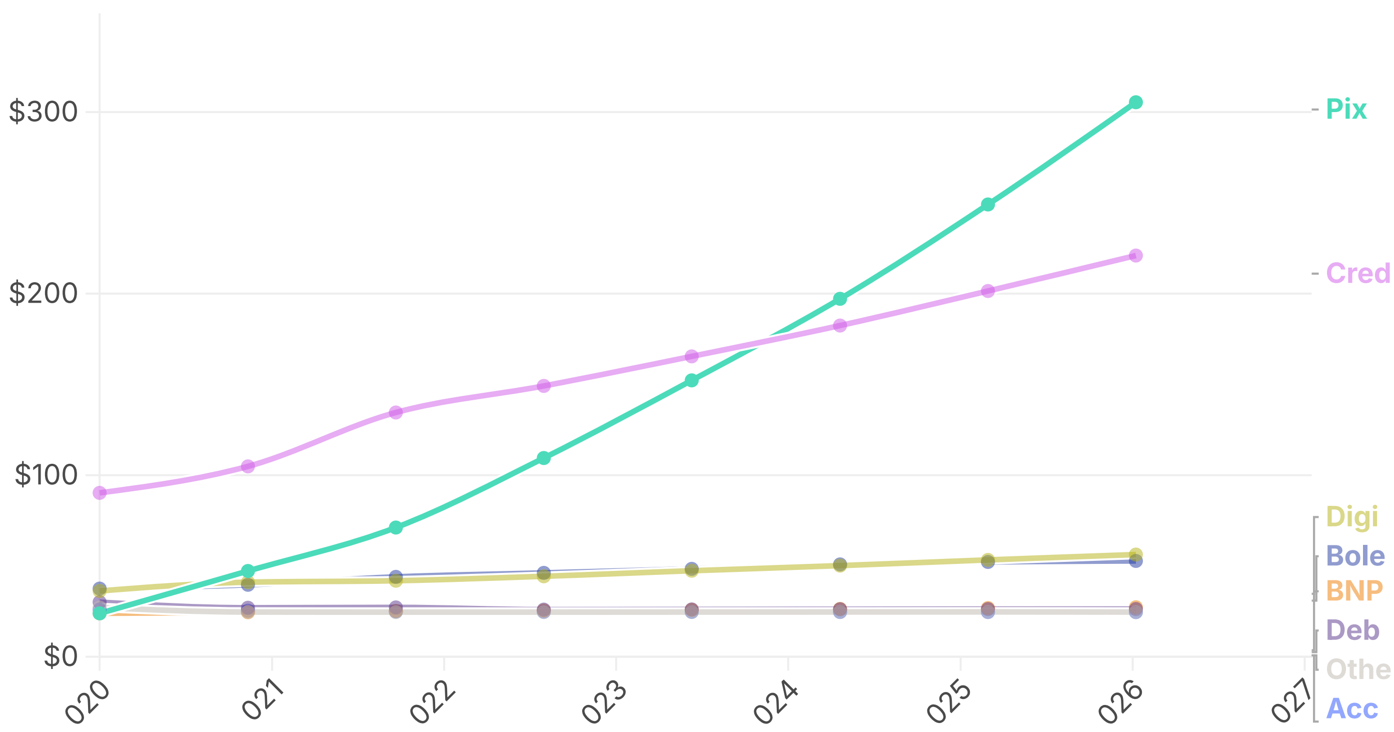
“When you see the option *[at a merchant’s site checkout]* to pay with a method you’re already familiar with, you tend to choose it,” explains Abreu. “You’re accustomed to the user experience, and you already know its strengths and weaknesses.”

This shift is already affecting digital commerce transactions. According to PCMI data analyzed by EBANX, **Pix is set to surpass credit cards as the most widely used payment method in Brazil for e-commerce by 2025.**

Pix is expected to surpass credit cards for e-commerce by 2025, in Brazil

From the merchants' point of view, Pix transactions are faster, cheaper, and provide a much swifter settlement, with funds available to sellers in the next day

market volume by payment method, in USD billion



Source: PCMI, 2024

Previous forecasts have indicated that it would surpass credit cards only after 2026, but the intense acceleration of Pix over the past year has brought this scenario forward.

Various factors contribute to the online volume of Pix, besides its impressive adoption rate and consumer preference. On the merchant side, Pix transactions are faster (confirmed five times faster than credit cards, according to EBANX internal data), cheaper (at an average cost of 0.22% per transaction, versus 2.2% for credit cards, **per a BIS study from 2022**), and provide a much swifter settlement, with funds available to sellers in the next day.

Pix spending by online vertical. According to PCMI data, most of Pix's current online volume consists of online retail and digital services (which include various payments such as taxes, licenses, and fees from government and private entities, online education spending, and sports betting, among others) –as these are the two largest verticals of digital commerce in Brazil.

Pix also has a significant market share in online travel, where consumers typically get discounts when paying with Pix, and ride-hailing and delivery apps, where the instant payment has replaced cash for low-cost transactions.

For industries such as streaming and SaaS, where most transactions are recurring, Pix has a lower volume since it has no recurring capabilities –differently from its ‘older brother’ UPI in India, which is the leading payment method for streaming purchases.

USD 30 billion

is the expected online volume for Pix Automático within two years of its launch, per PCMI. Most of it should come from new consumers who currently don't have access to a credit card, bringing a new customer base to recurring services.

This should change soon, with the launch of Pix Automático, expected for mid-2025. The feature has the potential to gain market share over the recurring online volume processed with credit cards today, which is valued at approximately USD 50 billion, or 15% of all online sales in Brazil, per PCMI. This volume considers streaming platforms, SaaS and other digital services such as app subscriptions, e-learning, digital content, social media, gaming, and online retail, among others.

Pix Automático can also bring a new customer base to those recurring services, as 20% of mobile payment users in Brazil do not have a credit card, according to **Statista Consumer Insights**.

“Pix Automático will definitely shake things up and revolutionize the landscape, unlocking new use cases that we may not even envision yet," says Leandro Carmo, Brazil Regional Director at EBANX.

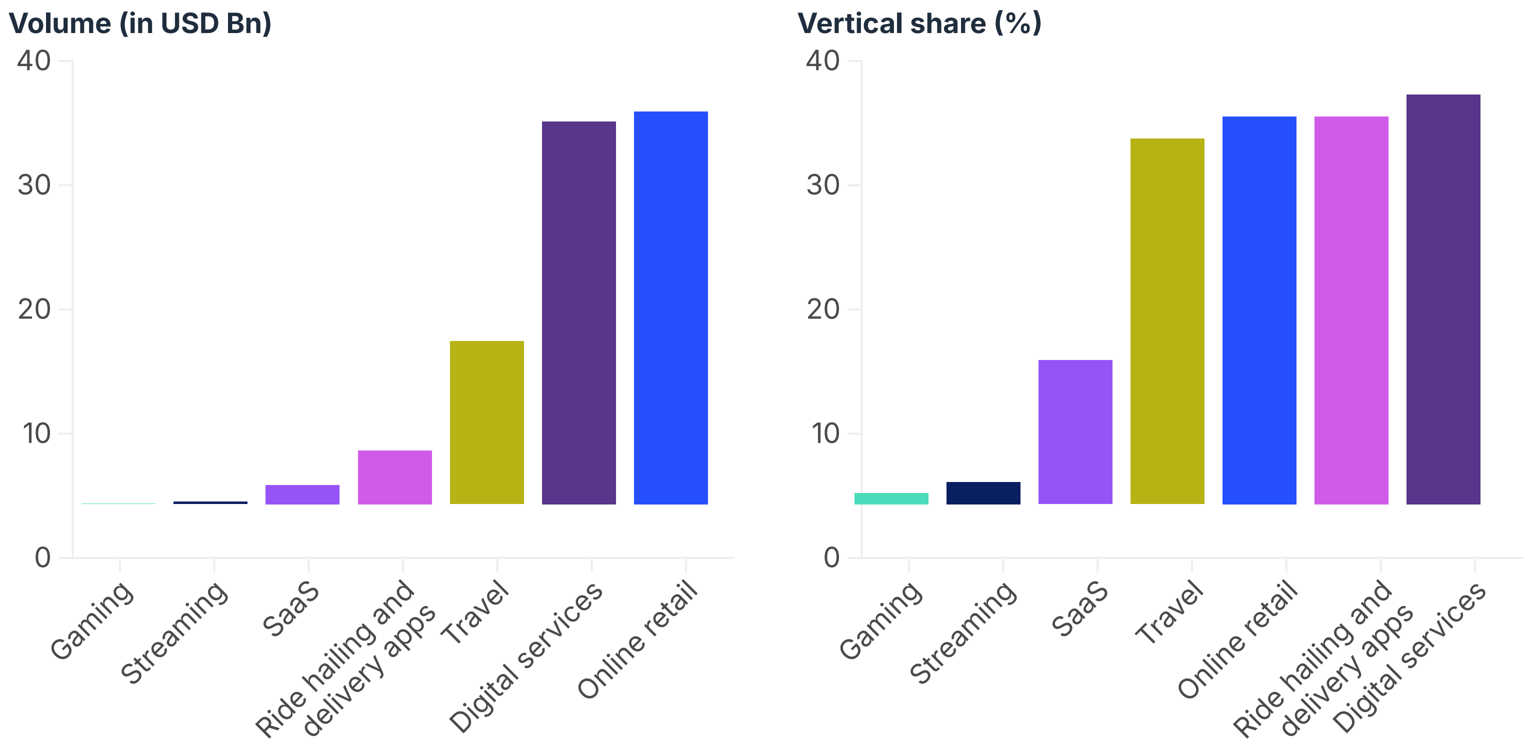
With that, the online volume for Pix Automático can easily rise to USD 30 billion or above within two years of its launch, per PCMI estimates, as the feature gains consumer adoption and attracts new consumers to digital commerce. By mid-2027, recurring transactions are estimated to represent around 12% of all Pix online transactions.

“Of course, not all credit card recurring spending will migrate to Pix, but we can consider a slow migration, with Pix Automático taking some USD 2 billion from credit card in its first year of adoption,” says Lindsay Lehr, Managing Director from PCMI.

Pix's online volume today is concentrated on retail and digital services

The upcoming Pix Automático, for recurring payments, should capture a share of online verticals currently dominated by credit cards, such as streaming and SaaS

Pix in digital commerce, 2023

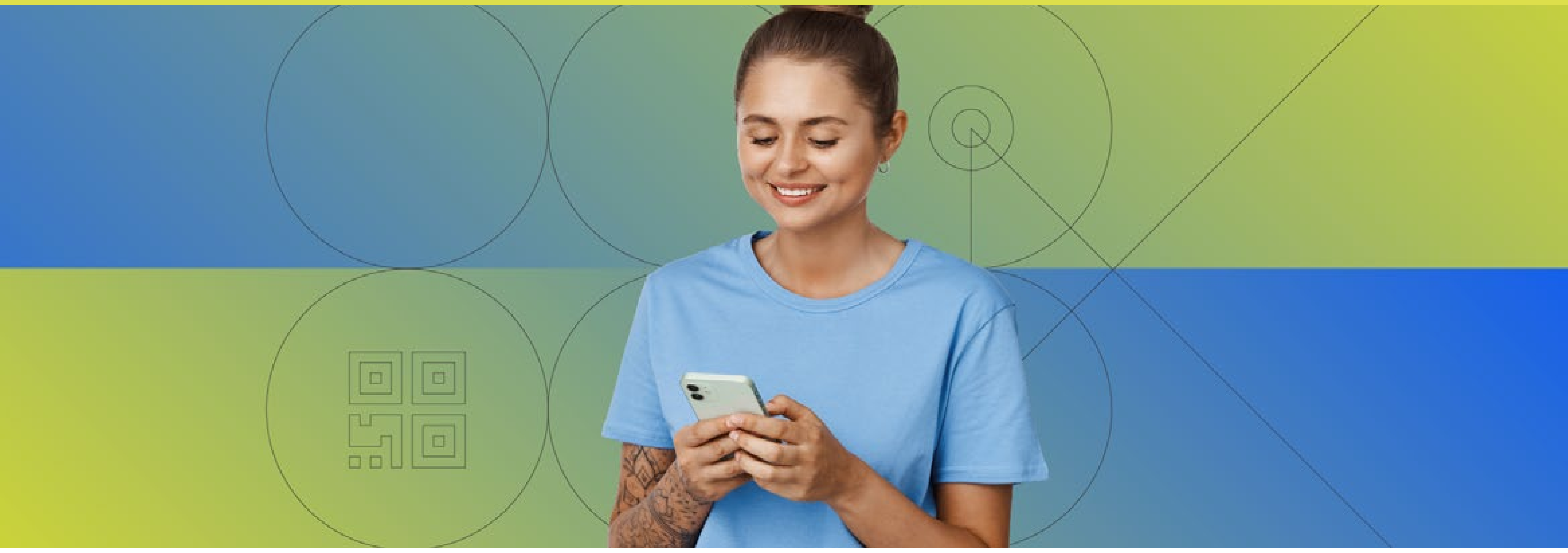


Source: PCMI, 2024

EBANX

Regardless of the vertical, internal EBANX data reveals that merchants who accept Pix boost revenue and their customer base by reaching new consumer segments in a very short timespan.

Within just six months of adding Pix as a payment option, EBANX merchants experienced a 16% increase in revenue and acquired 25% more customers across various sectors, including SaaS, online retail, travel, and more.



THE WANNABE PIXES OF THE WORLD – IN COLOMBIA, EGYPT, AND SOUTH AFRICA

Stakeholders in emerging economies, including central banks from many countries, are currently either piloting or refining their own instant payment solutions to enhance their functionalities and expand their reach.

In Latin America, Juliana Etcheverry, Director of Country Growth – Latin America at EBANX, highlights Argentina's Transferencias 3.0, Mexico's SPEI, and PSE from Colombia, which is poised to launch an even more expansive system, Bre-B.

These systems are evolving and significantly impacting financial and digital inclusion in many emerging economies. Individuals who once relied on cash have now been integrated into the financial system, many of whom were previously unbanked. This trend not only broadens payment options for the population but also improves access to digital commerce for a broader range of consumers.

> **"Instant payments are literally digitizing cash, making the global digital economy available for everyone – including the majority of the population who does not have access to financial accounts or cards."**
>
> **João Del Valle**
> CEO and Co-Founder of EBANX

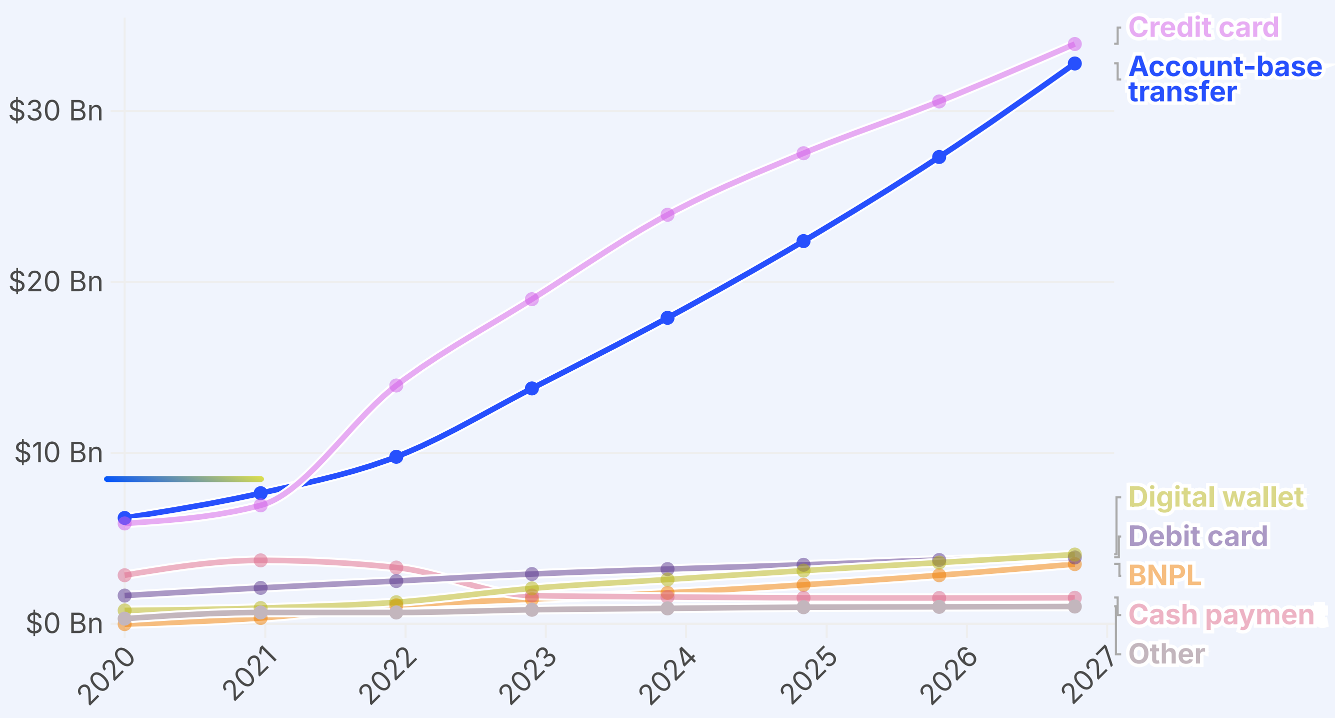
Looking ahead, **Colombia** is set to launch an interoperable instant payment ecosystem led by Banco de la República, the country's Central Bank. Inspired by Brazil's Pix system, the new initiative, called **Bre-B**, aims to transform financial inclusion and accelerate the adoption of digital payments across the nation.

According to PCMI, account-based transfers already constitute 34% of the country's digital commerce volume, and the arrival of Bre-B can potentially increase this share. Today, Pagos Seguros en Línea (PSE) leads the market, accounting for 31% of all online transactions.

Colombia will see a jump in account-based transfers in e-commerce

A2A payments will come close to credit cards as the go-to payment method by 2027

market volume by payment method, in USD billion



Source: PCMI, 2024

In **Egypt**, a predominantly cash-based economy where a massive **98% of online consumers prefer to pay in cash** and 38% of e-commerce volume is paid with "cash on delivery," per PCMI, digital payments are gaining traction.

According to a recent **Mastercard survey**, consumers in Egypt showcased a remarkable interest in emerging payment methods. In 2022, approximately 88% of the population embraced at least one emerging payment method, such as digital wallets, Buy Now, Pay Later (BNPL), and, more recently, instant payment systems.

This is reflected in digital commerce, where cash payments reached a plateau. Meanwhile, BNPL is expected to grow 17% annually through 2027, followed by digital wallets (15%) and account-based transfers (14%).

88% of Egyptians

used at least one emerging digital payment, while 15% have declared using less cash

One notable development in the country is **InstaPay**, a digital payment solution launched by Egypt's Central Bank in March 2022. By November 2023, the app had gained considerable traction, with 6.2 million registered users, according to **Egypt's financial authorities**.

InstaPay integrates digital wallets and bank accounts within a single infrastructure. To register for InstaPay, users need at least one bank account or a prepaid/debit card, enabling broader financial inclusion across the country.

Initially designed for P2P transfers, InstaPay is increasingly being used informally for merchant payments. For example, a customer dining at a restaurant can instantly transfer money from their account to the owner's account.

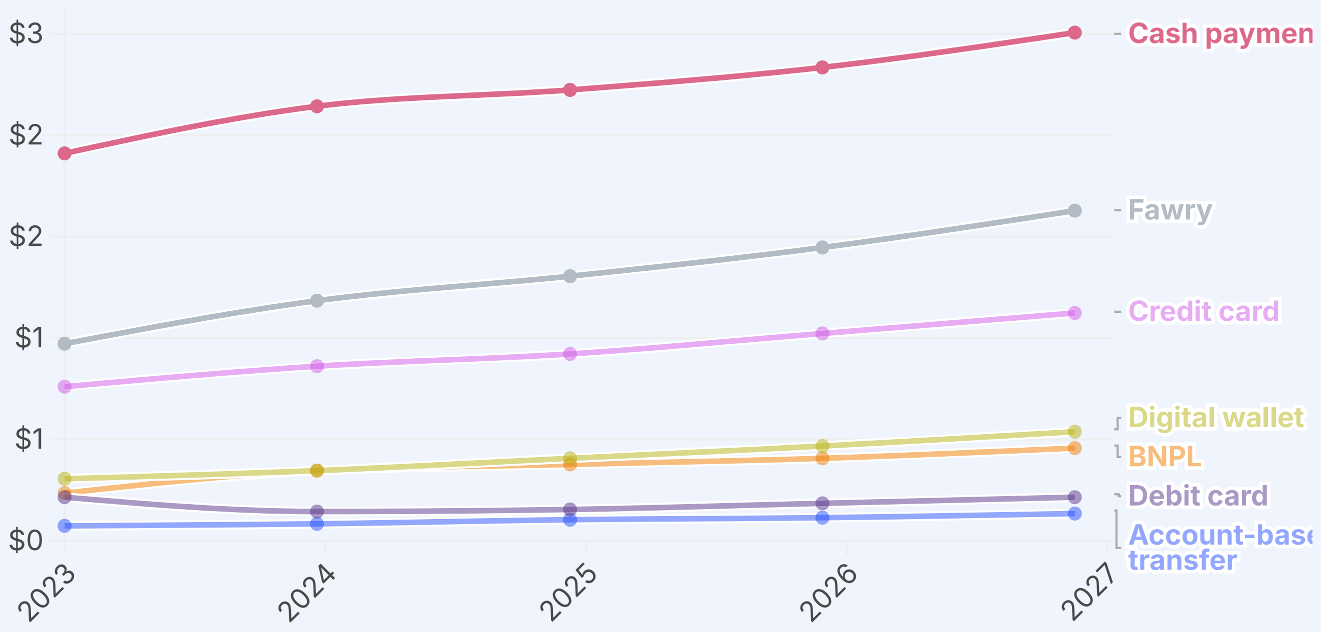
This informal use case exists because the central bank has yet to introduce a dedicated business version of InstaPay, which will eventually allow for seamless integration with e-commerce platforms during the checkout process. Despite that, InstaPay already has an estimated 1% share of Egypt's digital commerce, per PCMI, and it is expected to continue growing in the coming years.

At this stage of development and adoption by Egyptians, InstaPay serves as a good example of how disruptive payment methods typically originate in P2P, gradually expand to P2B (person-to-business), and then eventually transition to e-commerce.

Cash payments are still the uncontested preferred payment method for e-commerce in Egypt

More than 40% of the digital purchases volume is paid with cash vouchers or cash on delivery, per PCMI, but digital payments are gaining traction

market volume by payment method, in USD billion



Source: PCMI, 2024 • **Fawry**, although born as a cash payment, is now considered a hybrid payment method by PCMI. When Fawry is integrated at a merchant's checkout, consumers can make payments using various methods, including cash vouchers (reference code) and cards through Fawry app (either credit, debit, or prepaid).

“Instant payment is emerging and trending *[in Egypt]*, and it’s poised to become even more impactful in the coming years, mirroring what happened in India with UPI," says Karim Elbaz, Director for MENA at EBANX.

Elbaz also emphasizes InstaPay’s enormous potential for digital commerce: “This payment method has significant promise, especially due to its very low processing fees compared to traditional options like credit cards.”

> **“Instant payment is emerging and trending [in Egypt], and it’s poised to become even more impactful in the coming years, mirroring what happened in India with UPI.”**
>
> **Karim Elbaz**
> Director for MENA at EBANX

In **South Africa**, a consortium of payment providers and banks launched a new real-time payment system called **PayShap** in 2023. This instant payment platform is part of the South African Reserve Bank's initiative to enhance financial inclusion and foster **"trust and familiarity with electronic payments."**

PayShap is the country's second real-time payment system, joining Real-Time Clearing (RTC), South Africa's electronic fund transfer system for banks, which was introduced in 2006 and designed for large-scale transactions.

According to BankservAfrica, PayShap processed over 18 million transactions in its first year, with a total value exceeding USD 588 million.

This resulted in an average transaction size of approximately USD 32. This transaction size is promising, as it suggests that the system is being used for smaller and potentially more frequent purchases, as indicated by a study from the **AfricaNenda Foundation**. Additionally, regulators behind PayShap are working to expand the number of banks participating in the system and have announced plans to introduce new services to include local businesses in the new rail.

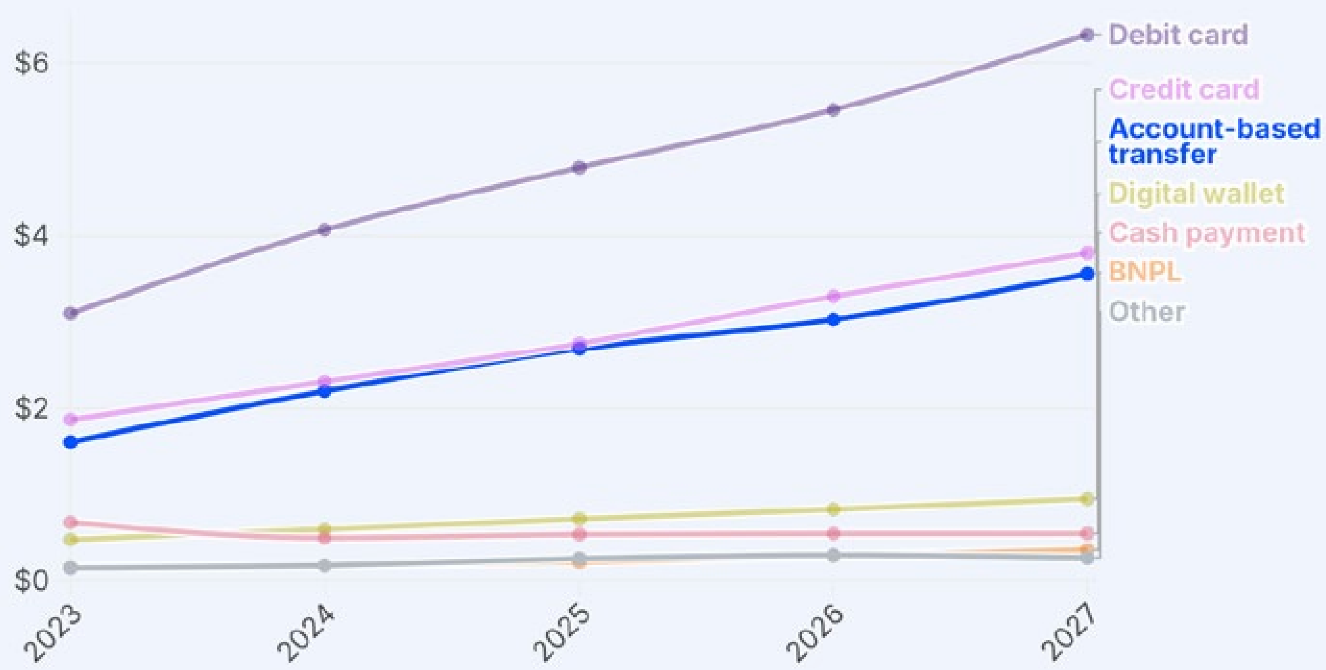
Recently, Multichoice, the largest paid TV provider from South Africa, has [integrated PayShap into their checkout](), one of the first merchants to go live with it.

However, according to PCMI, **PayShap is still in its baby steps for online transactions, representing a negligible share of digital commerce.** “It hasn’t caught on yet, since account-based transfers are already common and easily accessible through banking mobile apps in South Africa,” says Lindsay Lehr, Managing Director at PCMI. “So far, PayShap is used for P2P and informal commerce, but sparingly, compared to other account-based transfer mechanisms, mostly because it hasn’t been heavily marketed and there are acceptable alternatives.”

Account-based transfers are pairing with credit cards for e-commerce in South Africa

In 2023, a consortium of payment providers and banks introduced PayShap, a new real-time payment system, but its adoption in digital sales has been limited thus far

market volume by payment method, in USD billion



Source: PCMI, 2024

EBANX

The challenges for a new Pix or UPI

Despite those efforts, instant payment initiatives have faced challenges in gaining widespread adoption.

To become successful, instant payments require concerted efforts from the whole ecosystem and regulators, particularly in enhancing the digital infrastructure and ensuring greater interoperability.

Pix's tremendous success, for example, is largely attributed to its support from Brazil's Central Bank, which oversees its entire operation. At its launch, the regulator ensured that nearly all financial players adhered to the system.

In **Mexico**, on the contrary, there is a notable example of an instant payment system that failed to take off: CoDi (Cobro Digital), launched in 2019. Despite potentially serving a population of 131 million, CoDi’s adoption has been minimal compared to Pix’s remarkable success. By December 2022, only [1.2 million accounts]() had conducted at least one transaction using the platform.

CoDi has struggled to gain traction because only a few traditional banks supported it at launch. The lack of widespread institutional support undermined its potential for interoperability, a key feature necessary for mass adoption.

In **South Africa**, there is potential for competition between PayShap and RTC, as both are provided by banks. “Since RTC has been around for much longer and charges high end-user fees, banks may be disincentivized to push PayShap. We see this in the initial pricing strategies deployed by some of the banks", reads the AfricaNenda report.

Another obstacle to PayShap's mass adoption in South Africa and other instant payments across cash-based economies is an **idiosyncratic trend in payment habits**. Despite nearly 88% of the South African population having a bank account, **according to Statista**, it is estimated that **9 out of 10 transactions** are still made in cash, a trend mainly driven by low-income earners.

Additionally, **about a quarter of the population withdraws** the full amount of money deposited into their bank accounts as soon as it arrives.

In this context, while PayShap offers advantages such as enhanced security, the fees charged by banks provide little incentive for clients to adopt the service, especially since cash remains a free alternative.

Despite these challenges, account-to-account (A2A) transfers are poised to continue growing across rising economies, particularly in digital commerce.

Lindsay Lehr, Managing Director of PCMI (Payments and Commerce Market Intelligence), emphasizes that financial players and merchants must keep in mind that the true strength of A2A transfers lies in the digitization of transactions, which is transforming access, especially for those without credit cards or even sufficient credit limits.

> **“A2A transfers are becoming more present in people’s minds. From the consumer's point of view, it’s more about access: what is easier for them to use.”**
>
> **Lindsay Lehr**
> Managing Director of PCMI (Payments and Commerce Market Intelligence)

Lehr explains, “Digitization has penetrated the population, so the low cost and speed of A2A transfers are driving their adoption. From the consumer's point of view, it’s more about access: what is easier for them to use.”

For many users in emerging markets, accessibility and efficiency are the key drivers of adoption. Lehr adds, “A2A transfers are becoming more present in people’s minds. Even if they don’t have a good UX, people feel secure—there are no declines, for instance, and there is no physical card to steal. Most bank apps are accessed through biometrics, so people feel that they are very secure.” She recalls that this becomes evident in systems like SPEI in Mexico, which, despite a cumbersome user experience, is growing rapidly due to its reliability and accessibility.

Ultimately, A2A transfers combine affordability, security, and inclusivity, making them an increasingly appealing alternative in digital commerce and beyond, even as their user experience continues to evolve.

IT'S AN INTEROPERABLE WORLD

And digital wallets thrive in it

Amidst the rise of instant payments and account-to-account transfers, another P2P-born payment method is gaining significant traction in emerging markets: digital wallets, especially those with interoperable capabilities.

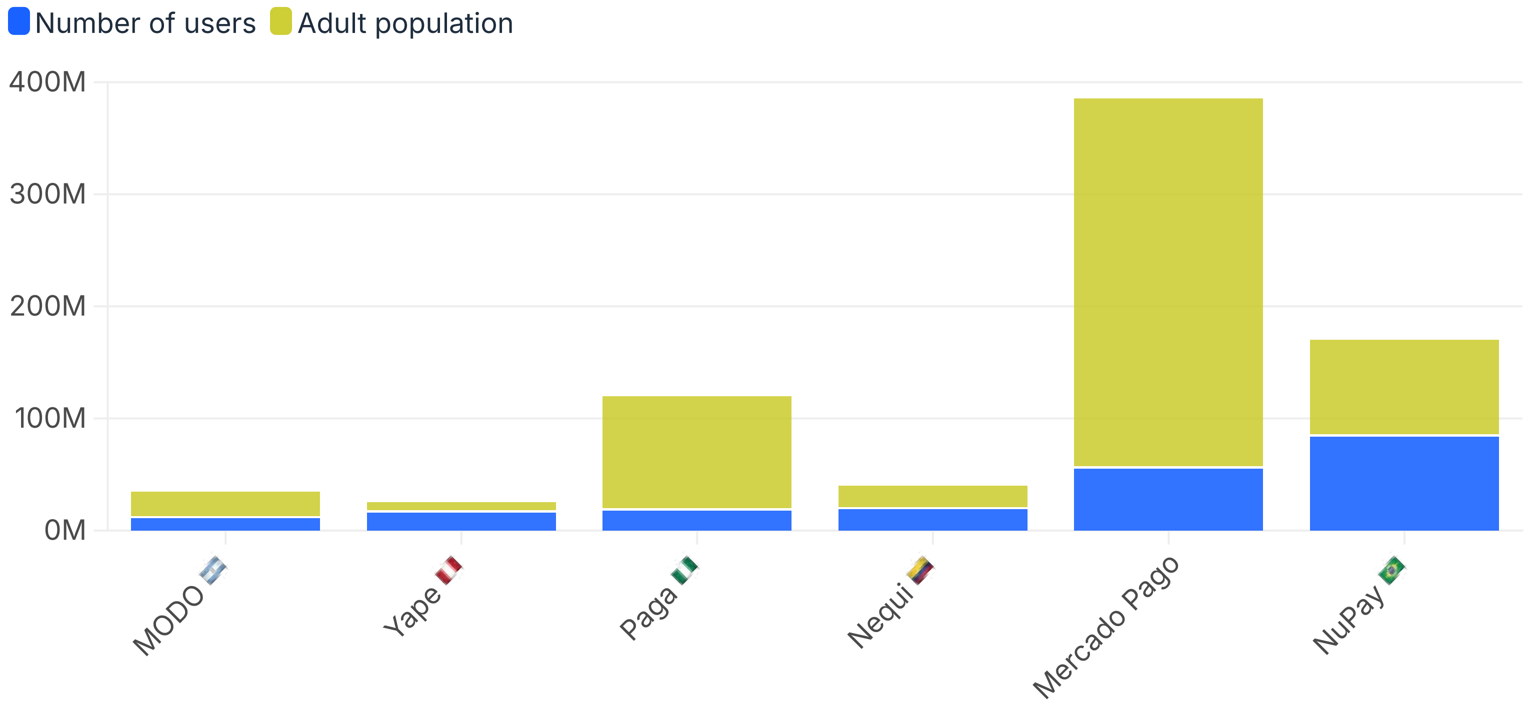
They are convenient and secure, and for many people in rising economies who are unbanked, they are emerging as promising financial alternatives, rapidly gaining a substantial user base in some markets.

In addition to major players like PayPal, Apple Pay, and Google Pay, regional providers are also making a strong impact, such as NuPay in Brazil, Nequi in Colombia, and Mercado Pago in multiple LatAm markets.

Regional providers of digital wallets are making a strong impact in emerging markets

In rising economies, where many remain unbanked, wallets are emerging as promising financial alternatives

number of users, in million

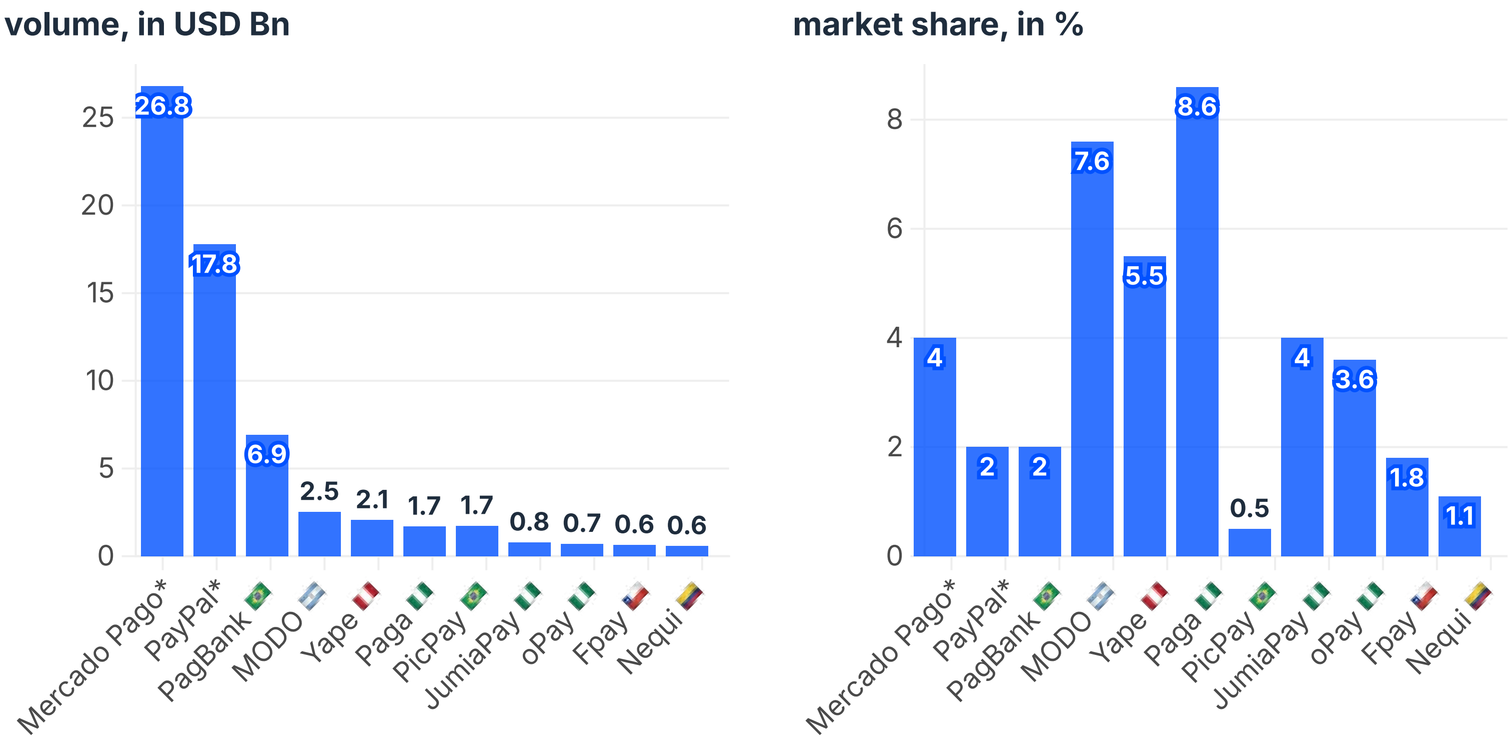


Source: Wallets' website and press releases • Mercado Pago's users and penetration encompass the 7 Latin American countries where it operates (AR, BR, CL, CO, MX, PE, UY)

EBANX

Meet the leading digital wallets by online transaction volume in Latin America, Africa, and India

Wallets not only integrate different payment methods and features for consumers, but they also help merchants reach a broader audience



Source: PCMI, with EBANX estimates for 2024 volume • Leading wallets considering online sales in Latin America (top 15 markets), Africa (Egypt, Kenya, Nigeria, and South Africa), and India. **Mercado Pago** and **PayPal** are regional/global wallets, so their market share considers online sales in all countries where they operate.

EBANX

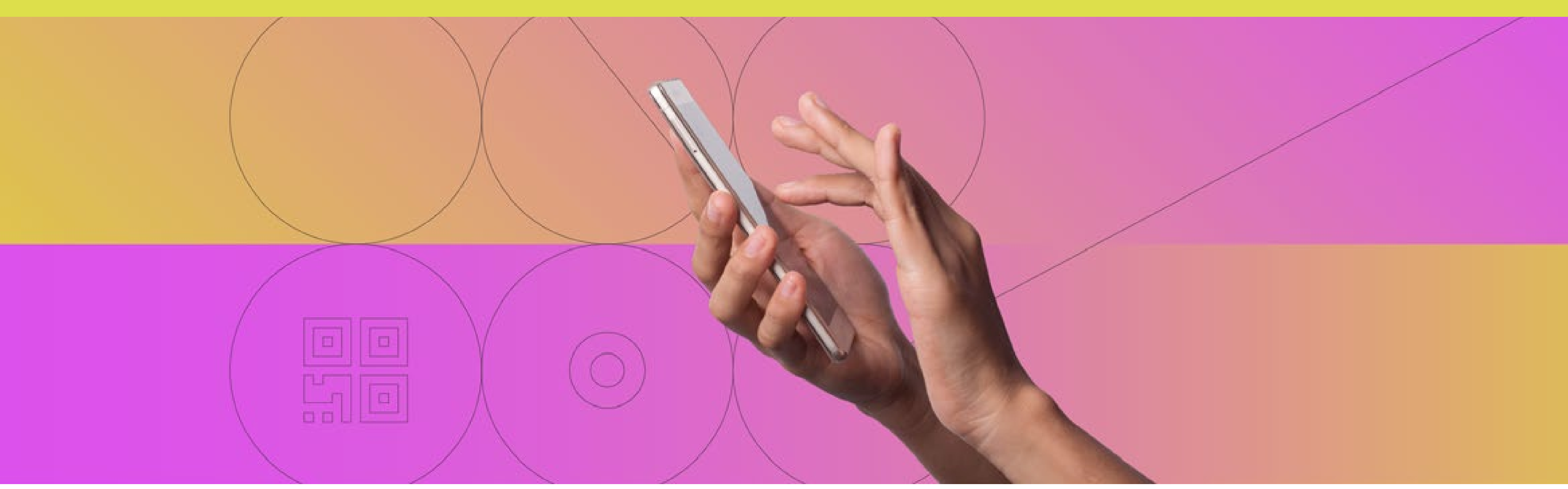
“Digital wallets will keep growing despite the rise of instant payments, providing secure ways for people to make payments both online and in-store,” says Juliana Etcheverry, Director of Country Growth – Latin America at EBANX. According to her, one of the main reasons for their stickiness is how they integrate different payment methods and features, offering a seamless way for consumers to pay while also helping merchants reach a broader audience.

From Etcheverry's perspective, wallets and instant payments serve different purposes. “Digital wallets are about convenience, security, and integration with various payment methods and services. Instant payments are valued for their speed and low cost, making them ideal for quick transfers and payments between individuals and businesses. Both are likely to keep growing and complement each other.”

> **“Digital wallets will keep growing despite the rise of instant payments. They integrate different payment methods and features, offering a seamless way for consumers to pay while also helping merchants reach a broader audience.”**
>
> **Juliana Etcheverry**
> Director of Country Growth – Latin America at EBANX

Many wallets provide not only P2P instant transfers but also a wide array of financial features and transaction options, such as bank accounts and credit cards, as well as a host of other convenient features. Among these is the ability to pay utility bills and for public transportation directly within the app, as well as storing details for various loyalty programs.

More than this, **wallets that offer interoperable capabilities can integrate with other QR code-based payments and instant rails, benefiting from an open ecosystem where money moves faster.**



THE EVOLUTION OF DIGITAL WALLETS IN EMERGING MARKETS

At first, digital wallets expanded as an instrument for financial inclusion among the unbanked population. “This rapid expansion has been driven by economic growth, widespread smartphone ownership, and the country's historically large unbanked population," states a **recent report from JP Morgan** about the growth of digital wallets in Colombia. The document also adds that “as users never have to visit a branch, it is an effective and popular solution for those previously without bank accounts.”

Now, in a world where most adults have an account and instant payments and A2A transfers have become widespread, the wallets that establish a closed-loop system will gain traction, taking advantage of their user base and innovating quickly to go beyond monetary transfers. In this context, **online transactions will be key for wallets to sustain their relevance.**

“There is a low-hanging fruit there. These companies’ customers are extensively using their mobile phones, are tied to digital infrastructure, and are eager to buy online. This has the potential to explode in digital commerce,” says Leandro Carmo, Brazil Regional Director at EBANX.

“Historically, digital wallets grew by focusing on the long tail, mainly the unbanked population. But in the e-commerce world, they have the potential to boom because of their ability to reach a younger, digitally savvy population. It’s a perfect match,” he adds.

> **"I foresee wallets gaining even greater traction as they establish a closed-loop system and leverage the extensive infrastructure behind them. There is a low-hanging fruit there."**
>
> **Leandro Carmo**
> Brazil Regional Director at EBANX

This was the case for **NuPay** in Brazil. Launched in 2022 by Nubank, a credit card operator that has grown into one of the world’s largest neobanks, the wallet has continuously evolved, enhancing its features and capabilities to appeal to younger online consumers. With nearly 40% of its credit card volume being spent online, Nubank capitalized on this opportunity and launched NuPay as “an innovative online payment” that allows customers to finalize their e-commerce purchases “with a few clicks.”

Besides focusing on a better user experience, with direct integration to merchants’ checkout and no need to input customer data, NuPay also leveraged the fact that its **transactions are chargeback-free**. Unlike a credit card, the wallet requires customer authentication for every transaction, enhancing the security level.

In addition, NuPay has introduced a highly popular credit feature that previously was only available within credit card rails: **installment payments**. This enables users to divide their purchases into up to 24 monthly payments at selected stores, further solidifying its appeal.

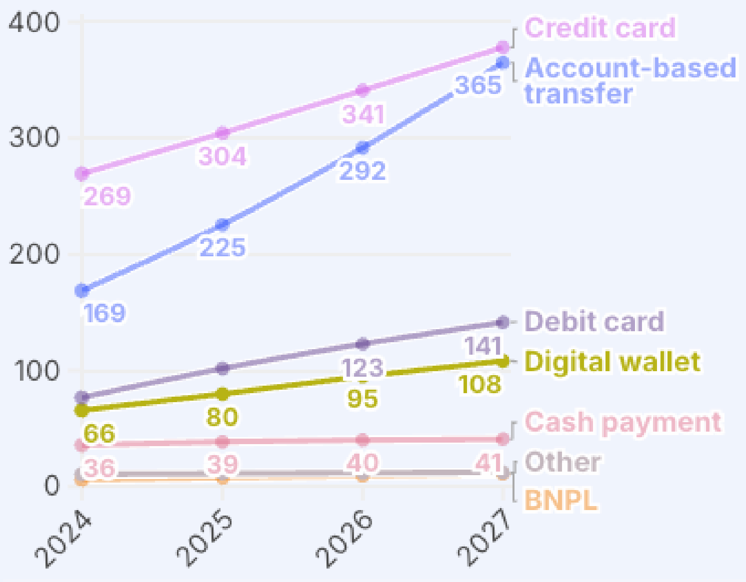
In e-commerce, wallets have the potential to boom due to their appeal to a younger, digitally savvy population

Wallets that build closed-loop systems, leverage their user base, and rapidly innovate beyond money transfers are poised to gain significant traction

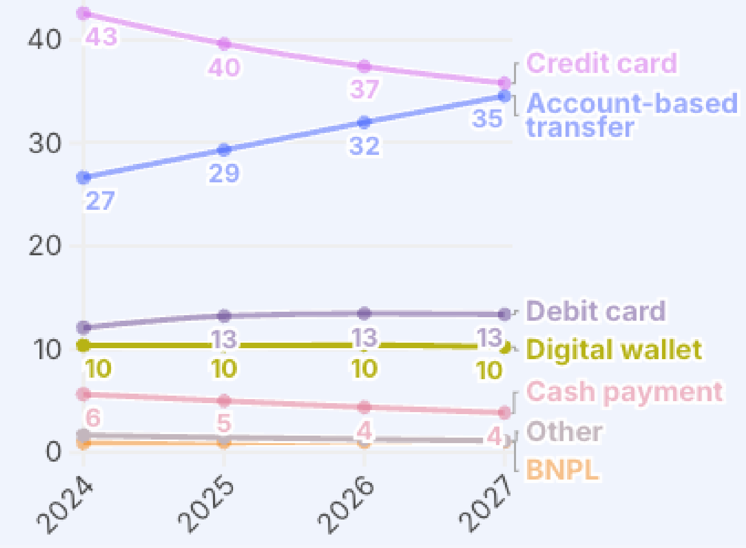
Market share and volume by payment method, per region

Africa | India | **Latin America**

Market volume (in USD billion)

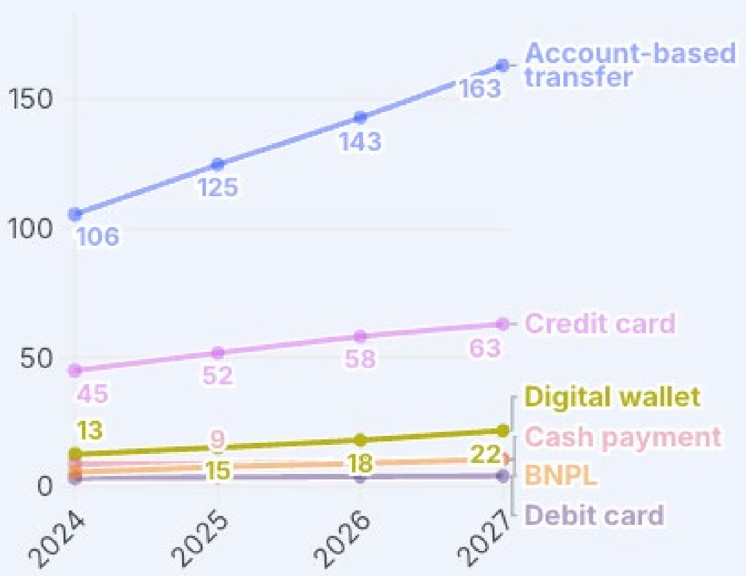


Market share (%)

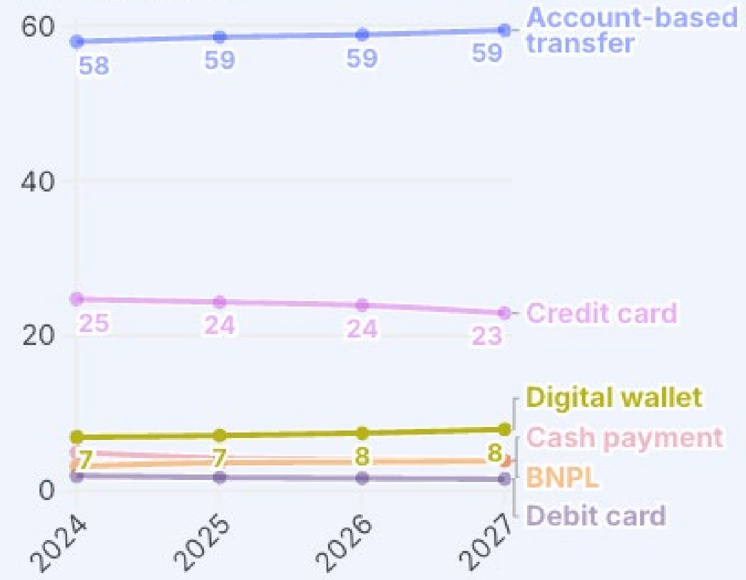


Africa | **India** | Latin America

Market volume (in USD billion)

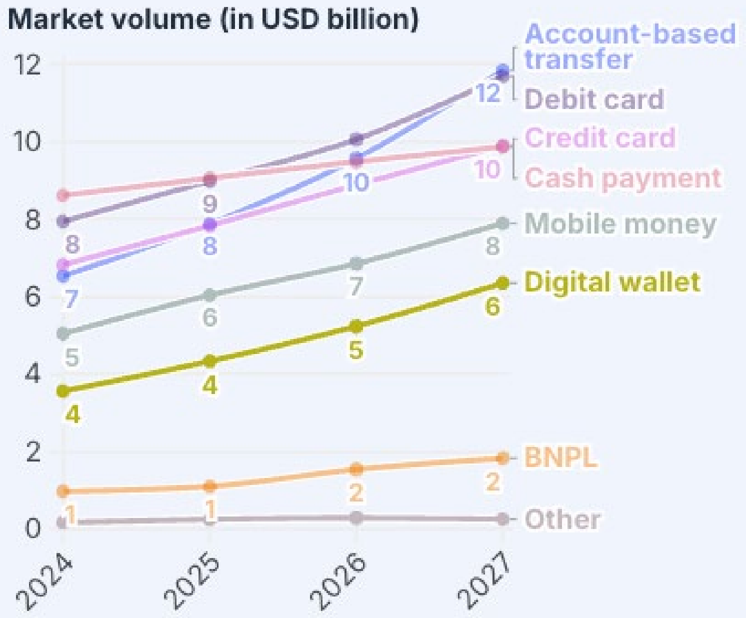


Market share (%)

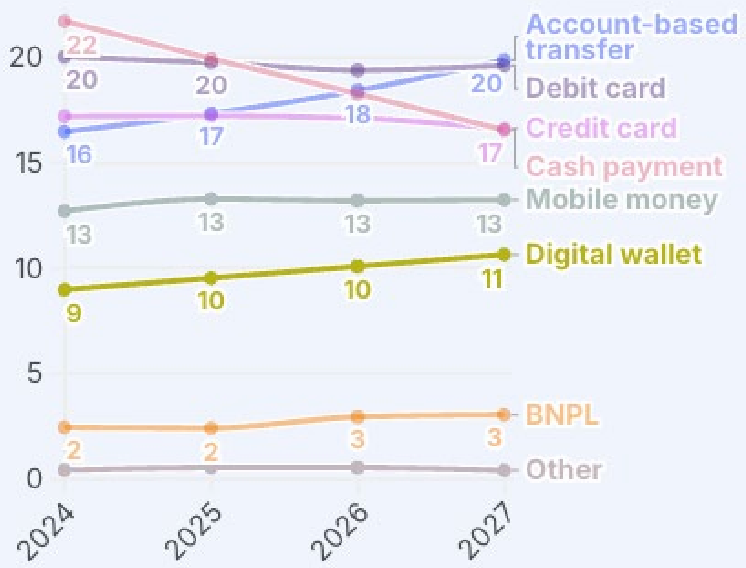


Africa | India | Latin America

Market volume (in USD billion)



Market share (%)



Source: PCMI, 2024

EBANX

Carmo highlights that, in the case of Brazil, wallets that implement consumer benefits, including expanded credit availability and installment options, could pose competition to Pix. "Wallets can deliver even faster solutions than Pix, which operates on its own evolutionary roadmap," he says. Pix is also set to have recurring and credit capabilities, but its evolution moves slower –it's a government-led process that has to be agnostic and involve all players in the ecosystem. "With wallets, Pix should face some competition."

"In Brazil, wallets can deliver even faster solutions than Pix, which operates on its own evolutionary roadmap – posing a potential competition to the instant payment."

Leandro Carmo
Brazil Regional Director at EBANX

Another successful wallet example comes from **Mercado Pago** in Argentina, which profited from Mercado Libre infrastructure. As the regional e-commerce giant's fintech division, it now offers various services, including cashback, a loyalty program, transportation ticketing, and consumer financing, in addition to its core shopping platform. It has grown into a leading force in Argentina's e-commerce sector, driving digital wallets to capture a 30% market share in the country—the highest in Latin America.

Finally, Peru is emerging as a success story in the **interoperability of digital wallets**, driving the adoption of digital payments and e-commerce. Players like **Yape** and **Plin** thrive in an ecosystem where QR codes are accepted across multiple financial operators, creating a seamless payment experience for users, which resembles Brazil's Pix role in boosting digital and instant transactions.

Under interoperability guidelines set by the Peruvian Central Bank in 2022, the country's clearing house —Cámara de Compensación Electrónica (CCE), owned by 15 financial institutions and responsible for all bank-to-bank electronic transactions in Peru— has integrated more than 20 financial institutions into a unified real-time payment network, with additional fintech companies and telecom carriers set to join the system.

This has led digital wallets to flourish in the country. In digital commerce, they now account for 10% of all online value transacted, and are expected to grow by nearly 20% year over year through 2027.

THE FEATURES THAT MAKE WALLETS A PERFECT FIT FOR E-COMMERCE

The growing traction of wallets in digital commerce stems from some of their key features that not only mirror traditional payments but go beyond.

First, wallets and other alternative payments are investing in their ability to replicate traditional card features, which is propelling their growth in e-commerce. Many of them, for instance, have introduced recurring transaction capabilities, a feature traditionally exclusive to cards.

“Previously, most alternative payments were limited to one-off transactions, which restricted their use cases. By enabling recurring payments, wallets are now better suited for subscriptions and other recurring purchases,” says Eduardo de Abreu, Vice President of Product at EBANX.

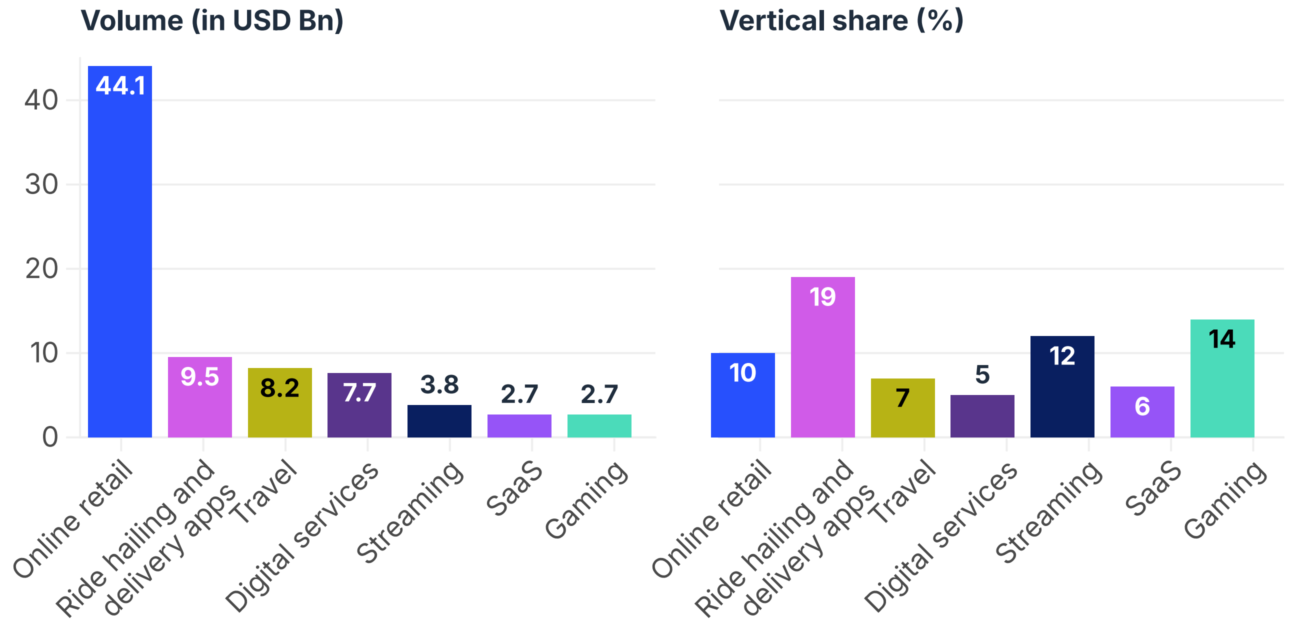
Compared to cards, **wallets still have the advantage of fresh features to improve approval rates for recurring transactions**, especially in the case of insufficient funds –the top reason for credit card declines in emerging markets. When a transaction fails, the app can send a push notification to the user, deduct the value from the wallet balance or another stored card, and even offer a credit line for the customer.

Another critical feature mimicked by digital wallets from cards is **credit functionalities**. These solutions offer users greater flexibility and purchasing power by tying credit products directly into wallets, such as installments or BNPL offerings. That is the case of Mercado Pago Credit, for instance.

Digital wallets' versatility and convenience make them a good fit for mobile-first verticals

Wallets can also offer credit features like installments and BNPL, boosting purchasing power and their volume within online retail purchases

wallets online sales in rising markets, by vertical



Source: PCMI, with EBANX estimates for 2024 volume • Data encompasses online sales in Latin America (top 15 countries), Africa (Egypt, Kenya, Nigeria, and South Africa), and India.

EBANX

Finally, wallets strongly focus on **privacy and security**, offering an advantage for both consumers and merchants. “Consumers like them because they're not giving their payment information directly to a merchant, and merchants like them because they're free of chargeback,” says Abreu, from EBANX.

More recently, players have been investing in biometric authentication, such as fingerprint or facial recognition. This adds another layer of security to online transactions, providing both users and merchants with confidence.

As André Peixoto, Director of Operations at EBANX, explains: “The main goal of alternative payments is to create access. The extent of access they provide depends on the suite of services included in their offerings.”

As wallets continue to innovate, they are poised to become the preferred payment option for a wide range of e-commerce transactions.

> **“The main goal of alternative payments is to create access. The extent of access they provide depends on the suite of services included in their offerings.”**
>
> **André Peixoto**
> Director of Operations at EBANX

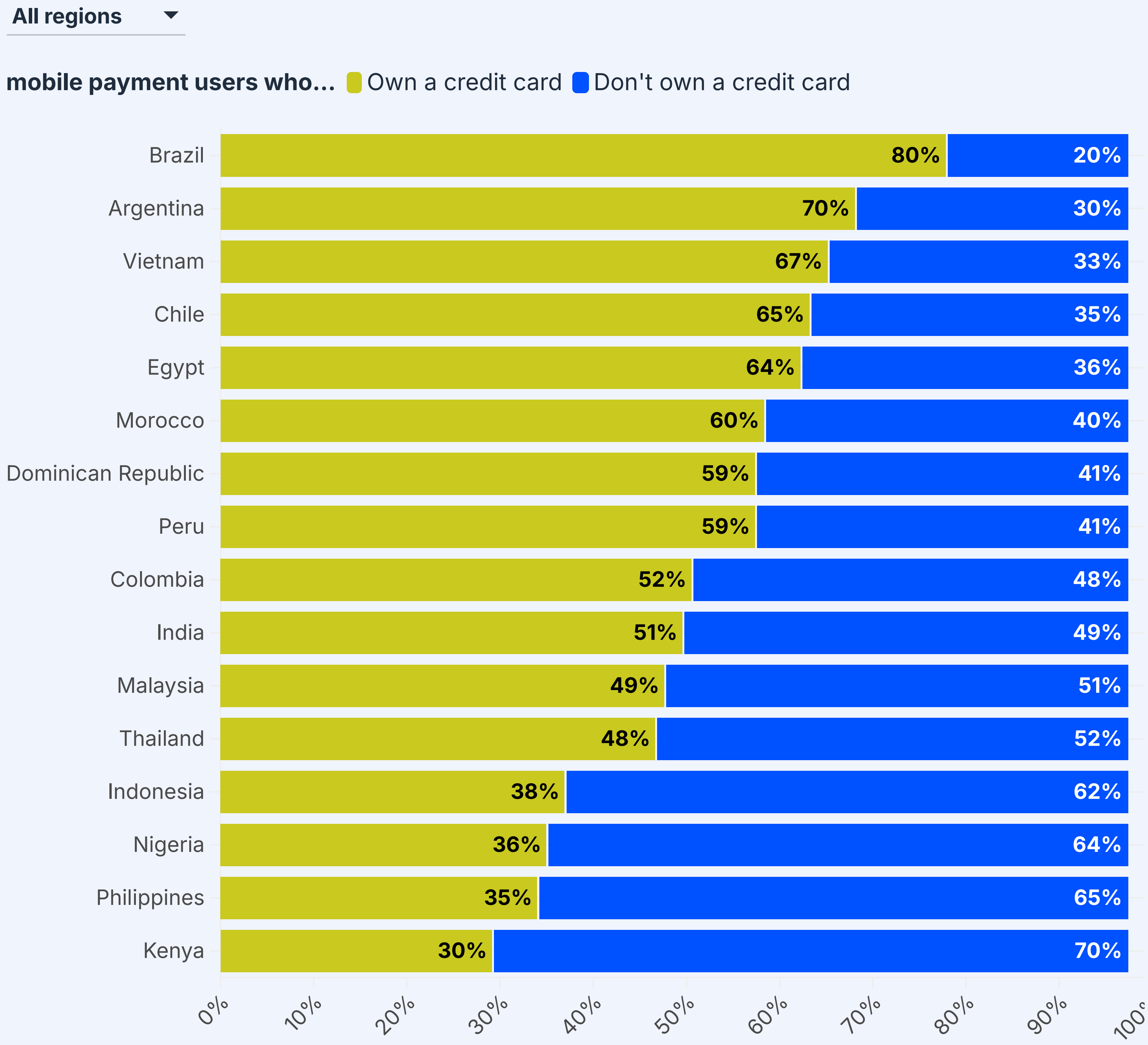
MORE CONSUMER REACH EQUALS MORE REVENUE

At the end of the day, **digital wallets can bring more revenue to merchants, thanks to reaching a broader audience that otherwise would not be able to buy online.**

In some countries, wallets have become daily payment instruments, and most wallet owners do not have access to credit cards—which means an incremental customer base for companies. According to [Statista's consumer survey data](), about half of mobile payment users in LatAm, Africa, and Asia countries don't own a credit card. However, a massive 99% of them buy online.

In Latin America, Africa, and Asian countries, about half of mobile payments users don't own credit cards

...yet an overwhelming 99% of these mobile consumers make online purchases



Source: Statista Consumer Insights survey, 2024

A good example of this trend is Colombia, where 48% of mobile payment users do not own a credit card. Colombian consumers have steadily embraced digital wallets, with active users surging from 27 million in 2021 to around 55 million in 2023, per a [JP Morgan study]().

One of the main wallets in the country is **Nequi**, a digital wallet-turned-neobank launched nearly a decade ago by Bancolombia as an initiative to enhance financial inclusion. Nequi offers its 20 million users (about half of the country's adult population) a user-friendly mobile platform for services such as payments, savings, and loans. It has rapidly gained popularity among students, street vendors, and informal traders.

A recent anecdotal movement highlights Nequi's role in digitizing daily transactions: street and informal vendors from Colombia often display handwritten signs stating "Sí hay Nequi" ("Nequi is accepted here") or similar messages, accompanied by QR codes to facilitate transactions. Recognizing this organic adoption, Nequi embraced its identity as a tool for "la calle" (the streets) to reflect its deep connection to grassroots commerce.

"In countries with lower banking penetration rates, such as Colombia and Peru, wallets play a significant role," explains Peixoto, from EBANX.

SUCCESS STORY

Digital wallets fuel a +25% growth in revenue trends for online businesses

The expansion of digital wallet options at checkout has proven transformative for businesses across diverse verticals, enabling significant growth in sales by reaching broader customer bases. Two notable cases, derived from EBANX internal data, illustrate the impact of this strategy.

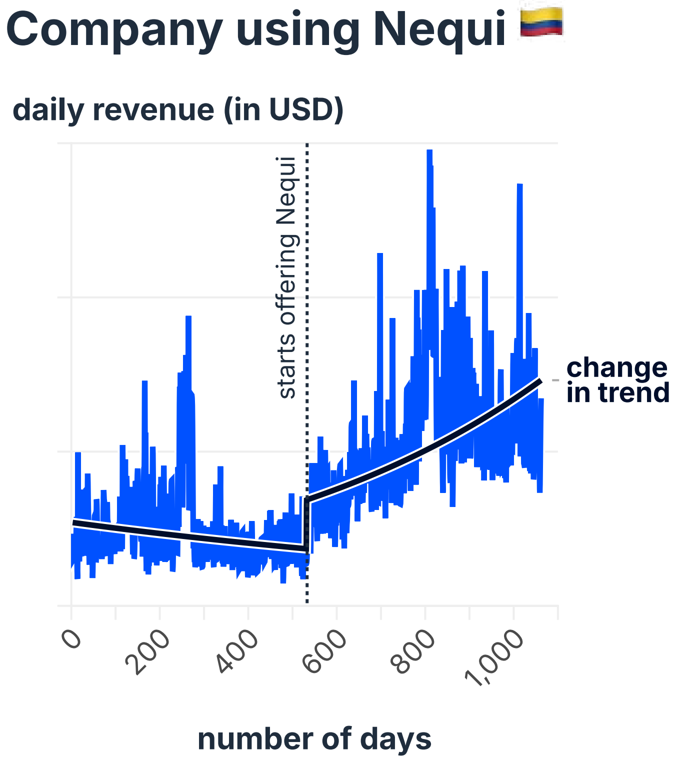
For a gaming company operating in Colombia, integrating the digital wallet Nequi at checkout in early 2023 marked a turning point in its operations. Over the following two years, **Nequi facilitated a 25% increase in average daily revenue and a 32% rise in daily transactions, driving substantial business growth**. Currently, Nequi accounts for 31% of the company's revenue and 33% of its transactions in Colombia, becoming a cornerstone of its regional operations.

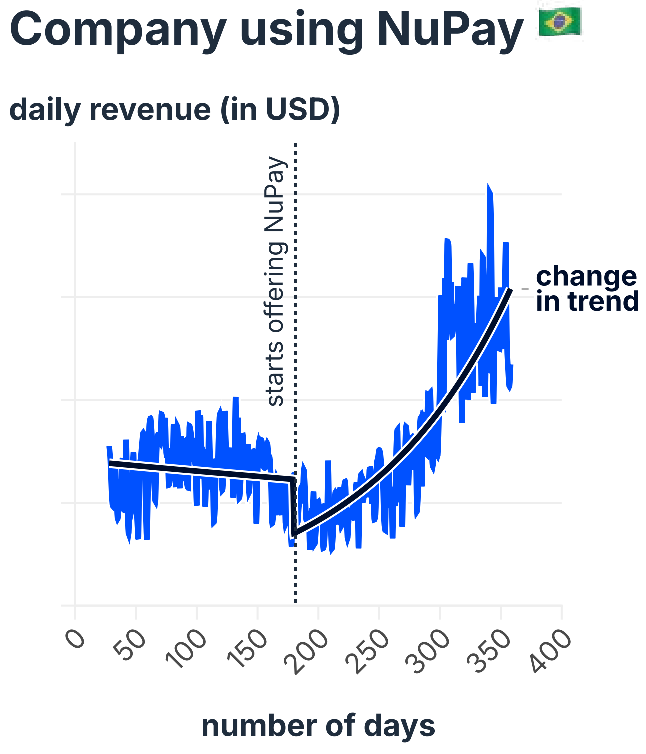
Similarly, the introduction of NuPay revolutionized the operations of a travel company in Brazil, LatAm's largest market. In mid-2023, the company integrated NuPay into its payment ecosystem, resulting in a remarkable **47% increase in LatAm average daily revenue within just six months**. By the end of 2024, NuPay had become the company's dominant payment method, accounting for 80% of its LatAm revenue and unlocking access to a broader customer base.

These success stories highlight how digital wallets can not only enhance transaction volumes but also broaden customer reach and drive growth across industries, making them essential tools for businesses aiming to thrive in competitive markets.

For these online companies, offering digital wallets has helped drive an increase in revenue trends

The positive impact in average daily revenue was observed in a **gaming merchant in Colombia** and a **travel company in Brazil**





Source: EBANX internal data, 2024

EBANX

MOBILE MONEY

And its potential to enable digital commerce in Africa

Mobile money is another prominent mobile-based payment method. Initially designed for person-to-person (P2P) transactions, it has steadily gained traction for various financial uses –and is now **slowly moving to online commerce.**

This alternative payment method is dominant in many African countries, where cash remains the primary medium for transactions, and credit card penetration is as low as 3%. Since its launch nearly two decades ago, mobile money has significantly shaped the region's economy.

It is especially ubiquitous in Africa. According to GSMA data, in 2023, the continent accounted for approximately 65% of mobile money volume globally, with 856 million registered accounts. About a third of adults in the region own a mobile money account, with penetration rates as high as 75% in Kenya and 60% in Ghana, per local authorities.

33%

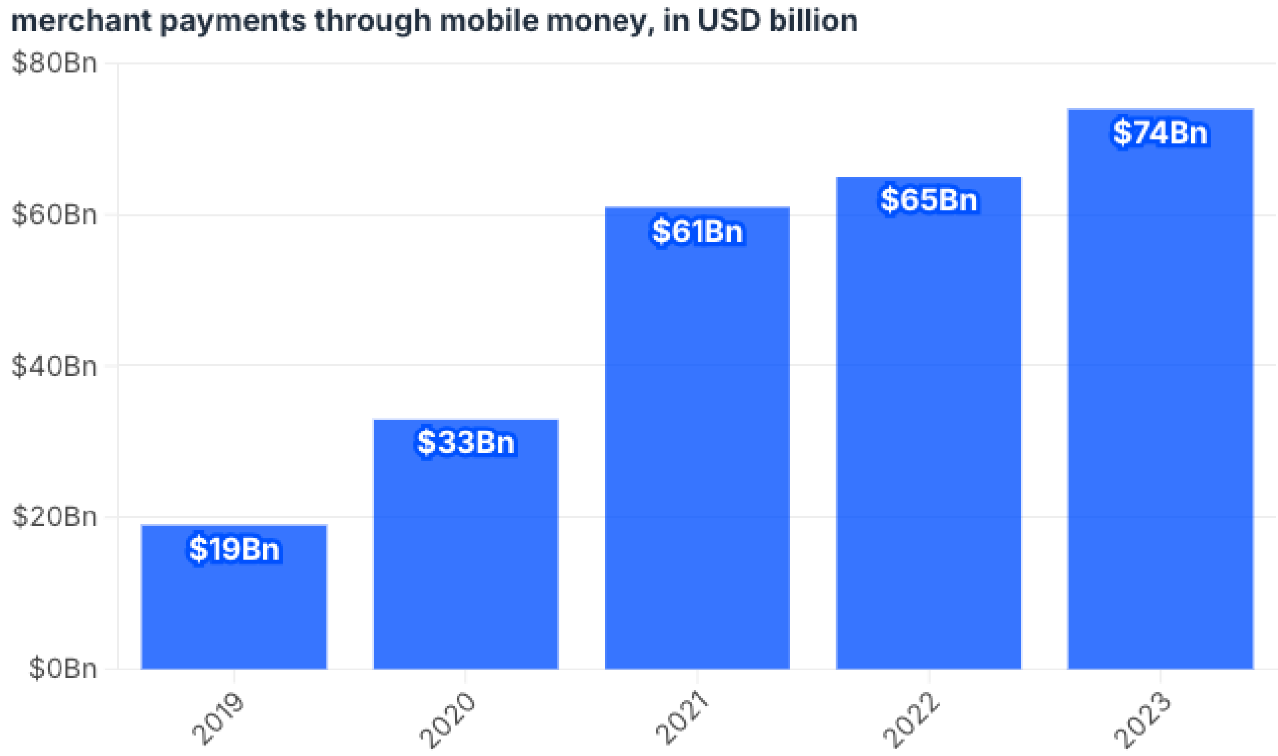
of adults in Sub-Saharan Africa own a mobile money account, with penetration going as high as 75% in Kenya and 60% in Ghana

While P2P transfers are still the primary use case in the region, with transactions totaling USD 2.4 billion in a month alone, new regulations and the arrival of new players are playing important roles in shaping mobile money products – including merchant payments.

Use of mobile money have been shifting from basic transactions to payment of goods and services

Despite their dominance in Sub-Saharan Africa, it is still taking baby steps in online purchases

merchant payments through mobile money, in USD billion



Source: GSMA, 2023

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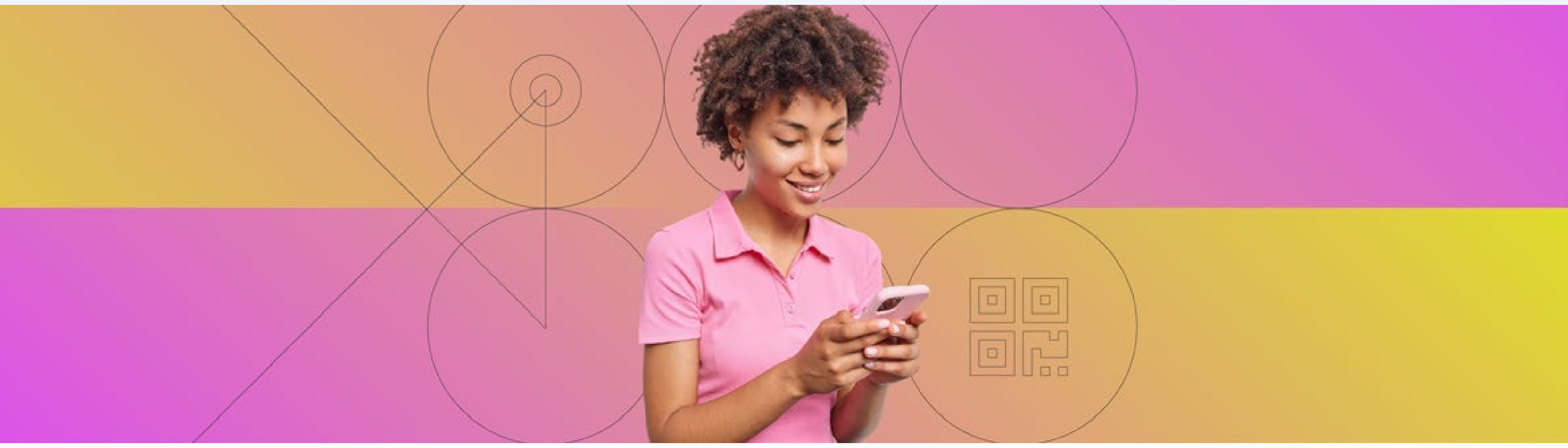
The latest GSMA report on the state of mobile money highlights that, in 2019, only one in every ten dollars circulating in the mobile money ecosystem was spent on merchant payments. By 2023, this figure had doubled, with two in every ten dollars being used for such transactions.

20%

of mobile money spending is made on merchant payments

“This marks a shift in user behavior away from the basic transactions that popularized mobile money in its infancy towards payments for goods and services," states the GSMA report.

According to GSMA, merchant payments grew by 14% in 2023, reaching nearly USD 74 billion. Additionally, the number of transactions per active account has steadily increased each year since 2019.



THE BABY STEPS OF MOBILE MONEY IN DIGITAL COMMERCE

Despite their dominance of the payment landscape in Sub-Saharan Africa, mobile money is still taking baby steps in online purchases. According to GSMA, in-store payments continue to dominate merchant payments due to the limited e-commerce capabilities of most players, such as recurring capabilities and even a tailored user experience for the online journey.

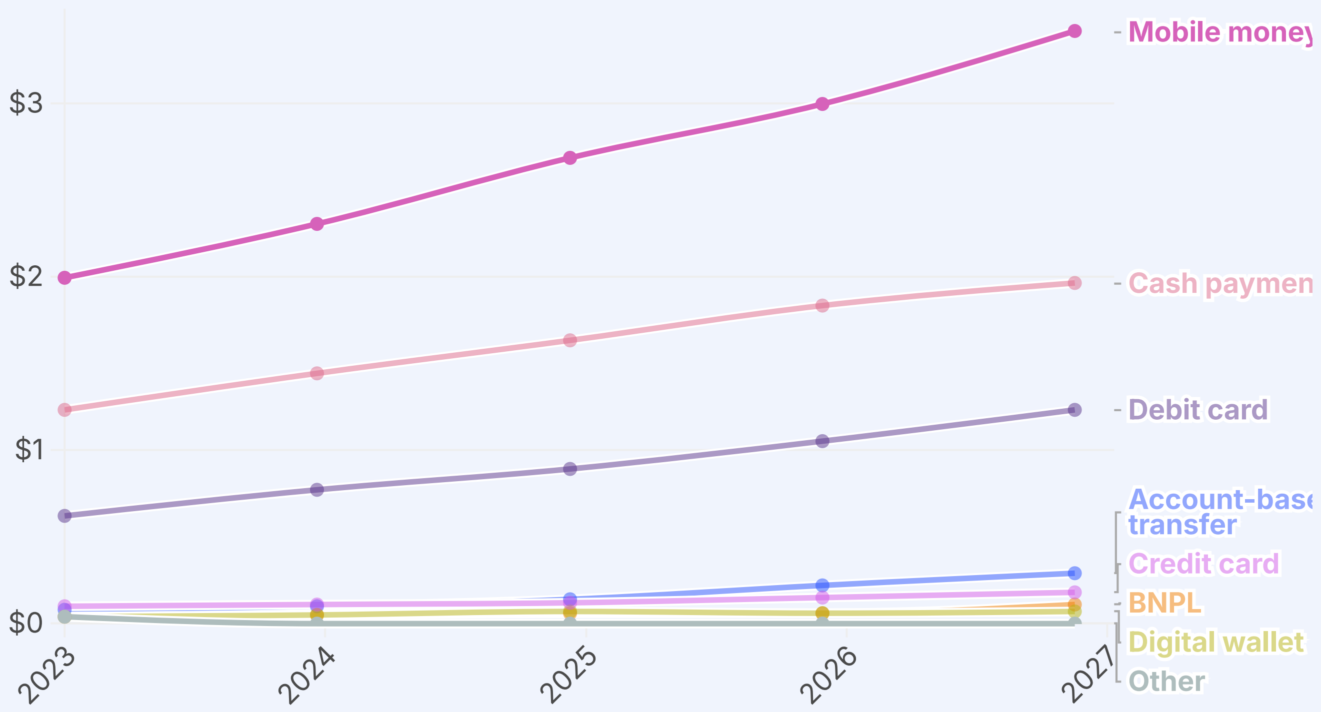
“Mobile money players have established a basic infrastructure for one-time payments in online commerce, but most of their revenue still comes from transactional fees for in-person payments," explains Wiza Jalakasi, Director of Africa Market Expansion at EBANX.

Indeed, according to PCMI, mobile money only represents a significant share of digital commerce in Kenya, where it accounts for 48% of all online transactions. And even so, most of them are done upon delivery, not at the website checkout. In other African markets, its market share is still expanding, reaching 14% in Nigeria.

In Kenya, mobile money is by far the preferred and rising payment method for e-commerce

It currently dominates the digital sales, with 48% share, followed by cash on delivery

market volume by payment method, in USD billion



Source: PCMI, 2024

Eduardo de Abreu, Vice President of Product at EBANX, has the following perspective on the topic: “There are two different things when it comes to e-commerce payments: what is easy and what is big. Currently, mobile money is not easy to integrate, but it is big.” According to him, once the industry develops the right capabilities and integration to checkout processes, just like EBANX is doing, their online volume will boom, fostering digital commerce itself in the region.

Online merchant payments are already slowly growing within the system. According to GSMA, **the average value of online merchant payments increased by nearly a third** between September 2022 and June 2023. Over the same period, the number of merchants actively using the platform each month rose by 20%.

Cards as potential enablers for mobile money in e-commerce. Jalakasi also notes that international card players like Visa and Mastercard are leveraging mobile money reach in Africa by partnering with top mobile money players and launching both physical and virtual cards –which are now being used for online purchases.

The GSMA report highlighted this trend, pointing out that collaborations between mobile money providers and formal financial institutions have been instrumental in expanding access to other financial services, further blending traditional and digital financial ecosystems.

Some of those cards are already being used in online merchants such as Spotify and Netflix. "A lot of M-PESA customers today don’t have bank accounts. [The virtual card] is a catalyst for e-commerce and digital payments,” **said** Visa's Alex McCrea, during a launch for Visa's and M-PESA virtual card, in 2022.

CONCLUSION

Card-like features and improvements in UX are the next steps for alternative payments

To drive the broader adoption of new alternative and mobile-first payments, it is crucial to focus on innovations that enhance the user experience while remaining cost-effective and accessible. These developments must also cater to individuals who may not have access to credit or be less familiar with financial transactions.

In that context, at least two key trends could significantly boost the adoption of APMs in emerging markets:

- Incorporating **features traditionally exclusive to cards**, such as expanding credit options and enabling recurring payments;
- **Enhancing the user experience** within these systems.

Both developments can transform how consumers—and especially merchants—perceive APMs, which were once viewed as slow, asynchronous, and reliant on outdated technologies.

Today, **APMs are evolving to provide a user experience more akin to that of cards: instant, seamless, and fundamentally online.**

"The primary goal for dominant payment methods is to continuously enhance their user experience (UX) to drive higher purchase conversions while fending off competition from new entrants," explains Eduardo de Abreu, Vice President of Product at EBANX.

"Key to this success will be improvements in the checkout process, such as eliminating redirects to banking apps and reducing mandatory fields. These enhancements are critical for ensuring the continued dominance of leading alternative payment methods in each country or region."

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Eduardo de Abreu
Vice President of Product at EBANX

EXPANDING OFFER OF CREDIT

In this context, India's UPI is again emerging as a trailblazer in the instant payments ecosystem. After introducing the AutoPay feature, which enables recurring payments through the instant payment system, the National Payments Corporation of India (NPCI) recently added a functionality **allowing consumers to link their credit cards to UPI**.

In that method, instead of debiting transactions from the consumer's bank account, the amount is charged directly to their credit card limit. This integration bridges the gap between traditional credit services and modern digital payment methods, further expanding the versatility and appeal of the APM.

"We are currently seeing this feature being adopted more for domestic payments, but I believe that as people become increasingly comfortable using credit on UPI, its adoption will continue to grow," explains Rashmi Satpute, Country Director for India at EBANX. **"UPI will become an infrastructure."**

At the moment, only local credit card RuPay offers this feature.

"But I wouldn't be surprised if other brands start adopting it as well," says Satpute. "We see this as the next evolution for the usage of credit cards in India: making the experience of shopping on credit as seamless as on UPI."

This is further reinforced by the fact that once customers register their card with UPI, they no longer need to enter their card details repeatedly. This seamless integration enhances convenience while leveraging UPI's secure and user-friendly ecosystem.

"It combines the ease of UPI's infrastructure with the benefits of credit cards."

Another innovative solution has been the **expanding offer of credit, whether with BNPL (Buy Now Pay Later) payments or the possibility of purchasing in installments.** Currently, several digital wallet players offer this feature, such as Mercado Pago in LatAm and Nequi in Colombia, which created a BNPL service within its app, or NuPay in Brazil and Yape in Peru, which offer installments in up to 24 monthly payments.

"Increasing purchasing power means distributing more credit in the market. Previously, this was done through credit cards. Now, APMs are stepping in, offering credit solutions with higher limits directly within the shopping experience", explains Abreu, from EBANX.

"This will translate to more money circulating in the market," he adds.

> **"Increasing purchasing power means distributing more credit in the market. Previously, this was done through credit cards. Now, alternative payments are stepping in."**
>
> **Eduardo de Abreu**
> Vice President of Product at EBANX

THE NEXT STEP OF RECURRING PAYMENTS

Brazil's Pix is keeping pace with UPI and shows no signs of slowing down. As its adoption continues to grow among the population, its potential to expand into multiple sectors, including digital commerce, also rises. With its innovative, seamless, and efficient payment solutions, Pix is poised to become a driving force in the payment landscape.

In the last semester, Brazil's Central Bank announced new features: ***Pix Automático***, ***Pix Garantido*** and ***Pix por Aproximação***.

Scheduled to launch by June 2025, Pix Automático will allow consumers to use Pix for recurring payments, including online subscriptions to services like streaming (Spotify, Netflix) and SaaS (Canva, Adobe), further establishing Pix as a versatile and future-ready payment solution. Meanwhile, Pix Garantido will introduce the option for users to pay in installments, offering an alternative to traditional credit card payments.

The final upcoming feature, Pix por Aproximação, will enhance the user experience by introducing a contactless "tap-to-pay" payment method. While it is already available to some customers, it will be more widely adopted in the future. This feature allows consumers to make Pix payments without directly accessing their bank app, enabling seamless transactions through digital wallets. It opens a new growth avenue for both online and offline businesses, offering greater convenience and expanding Pix's reach.

"Other potential advancements, such as future biometric payment options, could further enhance its versatility, enabling transactions without the need for mobile devices or digital wallets, relying solely on facial recognition," says Leandro Carmo, Brazil Regional Director at EBANX.

"Potential advancements, such as future biometric payment options, could further enhance its versatility, enabling transactions without the need for mobile devices or digital wallets."

Leandro Carmo
Brazil Regional Director at EBANX

THE CHALLENGE OF CARD USAGE IN EMERGING MARKETS

And what has been done to boost card adoption

In a nutshell

- Fintech companies and digital players are key drivers behind cards' sustained presence and growth in emerging markets. Their innovative solutions are helping to overcome barriers like access to credit and boost card adoption for online purchases.
- These digital-first institutions and local card networks are driving significant growth in card ownership and usage, particularly in Brazil, Egypt, India, and Nigeria.
- Cards hold a major share of the digital commerce market in emerging economies, representing about 48% of online sales, and are projected to continue growing in volume.
- To stay competitive, the card industry is evolving to further advance the online purchasing experience –through robust security measures, better user experience, and partnerships with digital players.

The uptake: Despite the rise of alternative payment methods, cards are evolving and holding their own in emerging markets' e-commerce, driven by innovation and strategic partnerships with digital-first issuers and local networks.

Cards have become an intrinsic part of daily transactions, offering a seamless experience for consumers and businesses alike. Today, they are widely used and relatively accessible, including in emerging markets, democratizing how people spend and interact with financial services.

However, while card access has grown significantly in recent years, especially in emerging markets, **having a card available and actually using it are not the same—a gap that both incumbent players and fintech companies are working to bridge.**

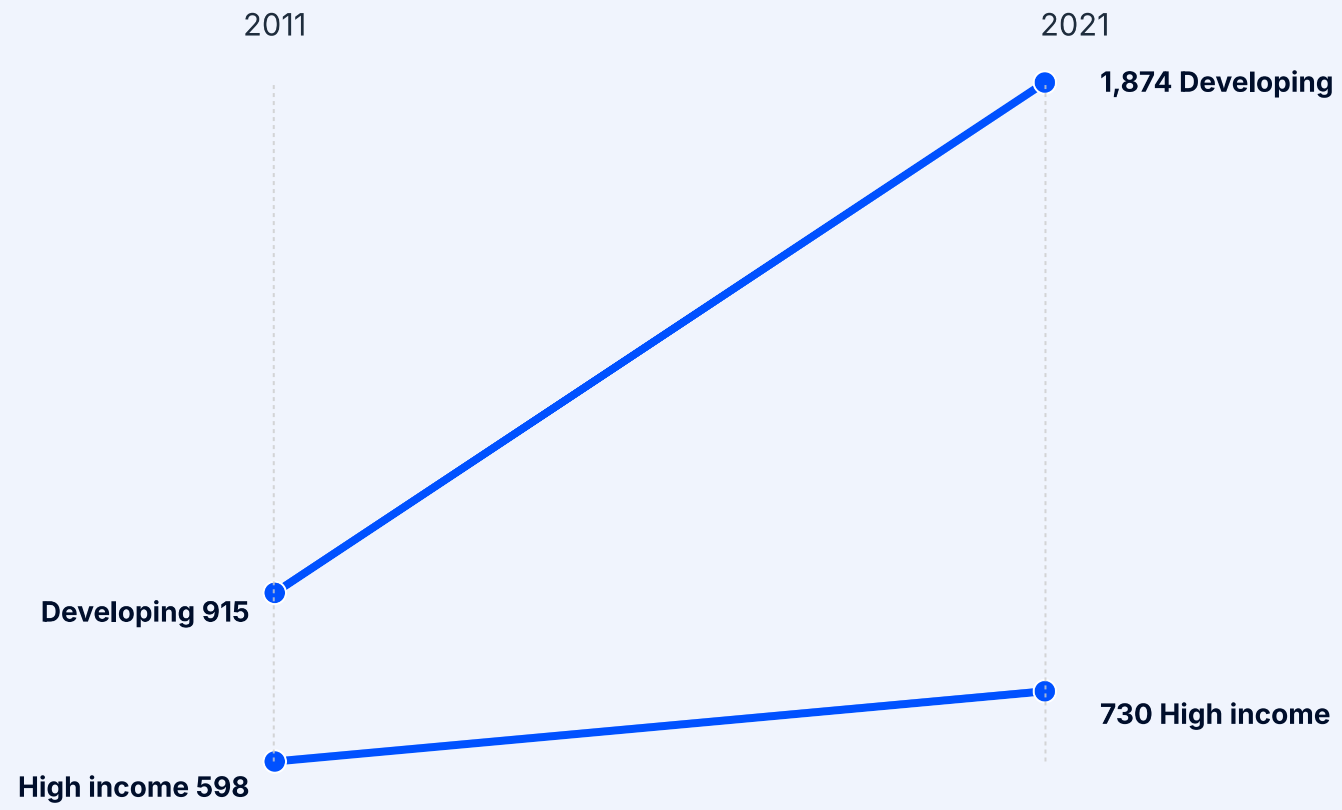
According to the World Bank Global Findex numbers, 46% of people in developing markets have access to and own a credit or debit card, but only 30% use their cards. In comparison, 91% of the population of high-income markets own a debit or credit card, while 85% use them.

46%

of adults in emerging markets own a debit or credit card, but only 30% of them use it

Card ownership has risen in emerging markets over the past years...

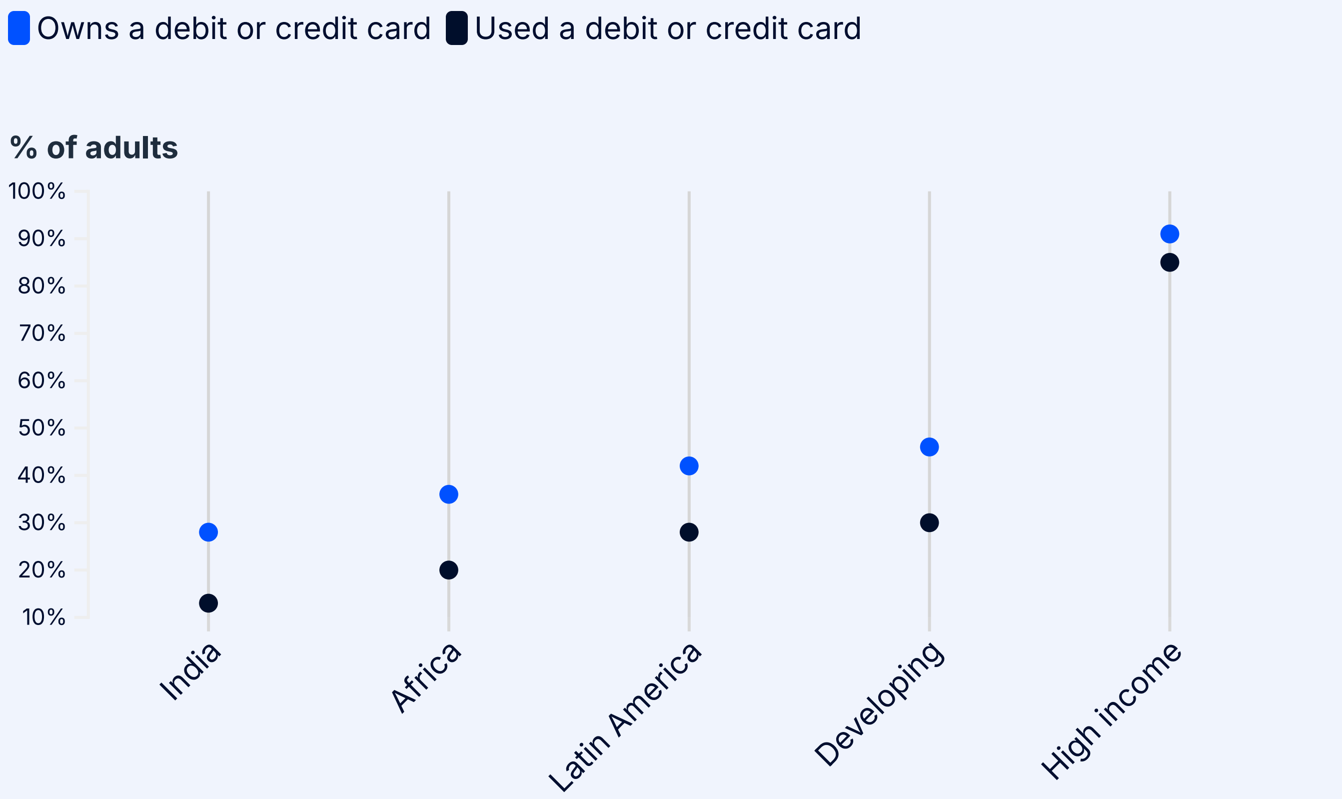
card owners, in million of users



Source: World Bank Global Findex, 2021 • **Developing economies** include low, lower-middle, and upper-middle income countries across all regions, as per the World Bank definition. **High income economies** consider countries where the GNI per capita was above USD 1,000 per month, as per the World Bank.

... but owning a card and actualy using it is not the same

Despite 46% of developing markets' population having cards by 2021, only 30% actively use them, highlighting a significant usage divide



Source: World Bank Global Findex, 2021 • **Latin America:** 15 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, Uruguay). **Africa:** Egypt, Kenya, Nigeria, and South Africa.

Various barriers and considerations influence card usage. In emerging markets, many consumers still distrust financial institutions, due to historically high transaction fees. As a result, even when they have cards, consumers tend to use them only when absolutely necessary. In many of these countries, cash remains the preferred payment method, both among consumers and businesses, representing a more affordable option than cards. This hinders card acceptance in certain segments, impacting their usage.

Cards also face significant competition from Alternative Payment Methods (APMs), as shown in the first chapter of this study, as account-based transfers, instant payments, and other types of digital payments become more widespread. Additionally, there is limited access to credit in emerging markets, which impacts credit card limits and its adoption among consumers.

THE PLAYERS THAT ARE ADVANCING CARD ADOPTION

While those facts are still true for some emerging markets, **fintech companies and other rising financial players are tapping into these opportunities, crafting solutions that promote card usage** and bridge the gap between traditional banking infrastructure and the underserved segments.

“Yes, there's an increased ownership and usage of cards due to what I like to call ‘The Fintech Boom,’” says Juliana Etcheverry, Director of Country Growth – Latin America at EBANX. Especially in Latin America, the fintech activity has had a profound impact on card usage, bringing more people into the formal financial system. Etcheverry cites players such as Nubank in Brazil, Ualá in Argentina, and Nequi in Colombia as examples of companies that have made cards more accessible.

> **"There is an increased ownership and usage of cards due to ‘The Fintech Boom.’ In Latin America, these companies have made cards more accessible, with the end game to integrate more people into the formal financial system.”**
>
> **Juliana Etcheverry**
> Director of Country Growth – Latin America at EBANX

In Brazil, the largest economy in Latin America, this has had a far-reaching impact on the number of financial services users –and, consequently, credit card users. According to a **study by the Central Bank of Brazil**, this number has soared in the past years, and digital players were a driving force. By the end of 2023, these institutions had almost the same reach as the top incumbent banks, with nearly 100 million individual active users (a jump from 25 million back in 2020).

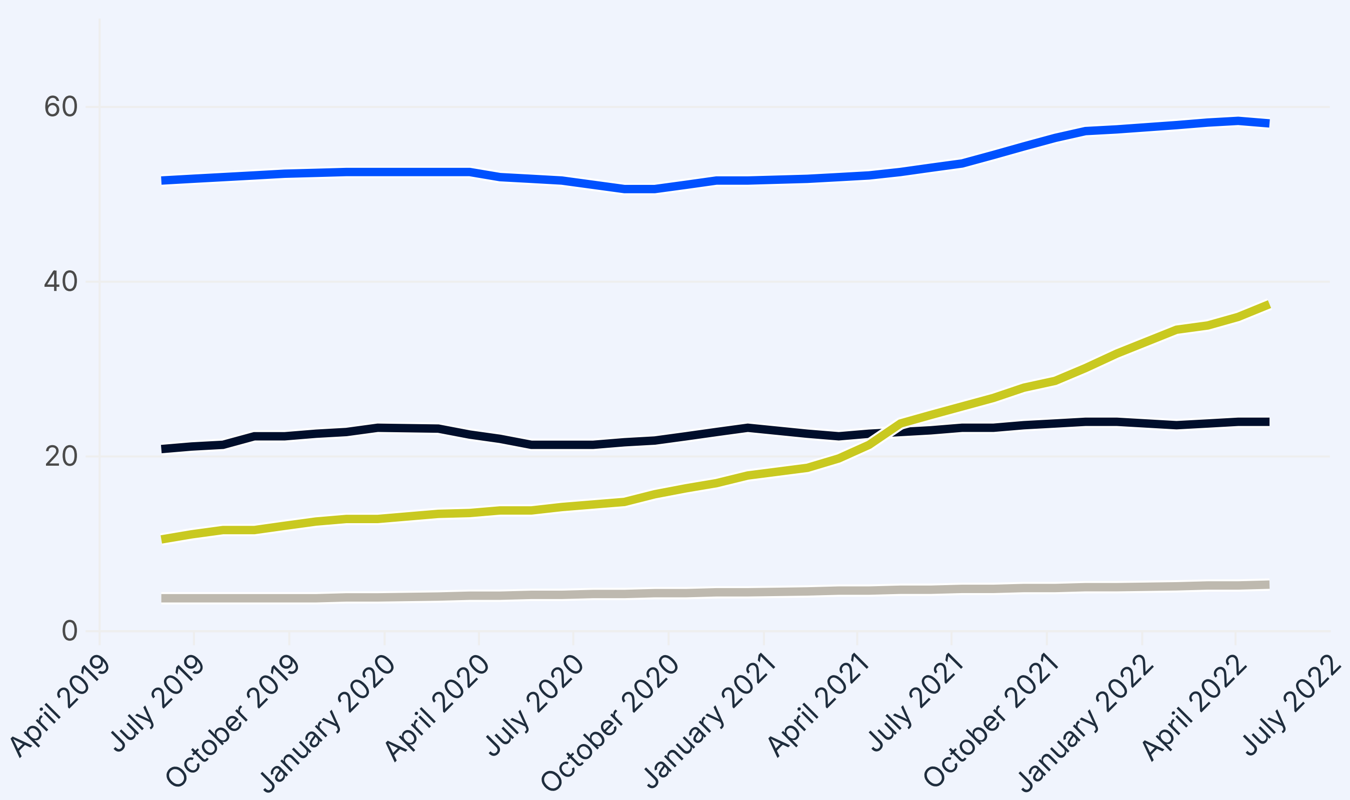
Of those, at least 36.5 million people are credit card owners, per **another study from the Central Bank**. Digital players have seen the largest growth in the number of credit card owners, which has tripled since 2019. Meanwhile, among incumbent banks, the growth was a mere 13%.

Credit card access is being pushed by newcomers in Brazil

Digital players have seen the largest growth in the number of credit card owners, which has tripled since 2019. Meanwhile, among incumbent banks, the growth was a mere 13%

Top incumbent banks | Mid-market | Digital players | Cooperative banks

number of active credit card users, in million



Source: Central Bank of Brazil

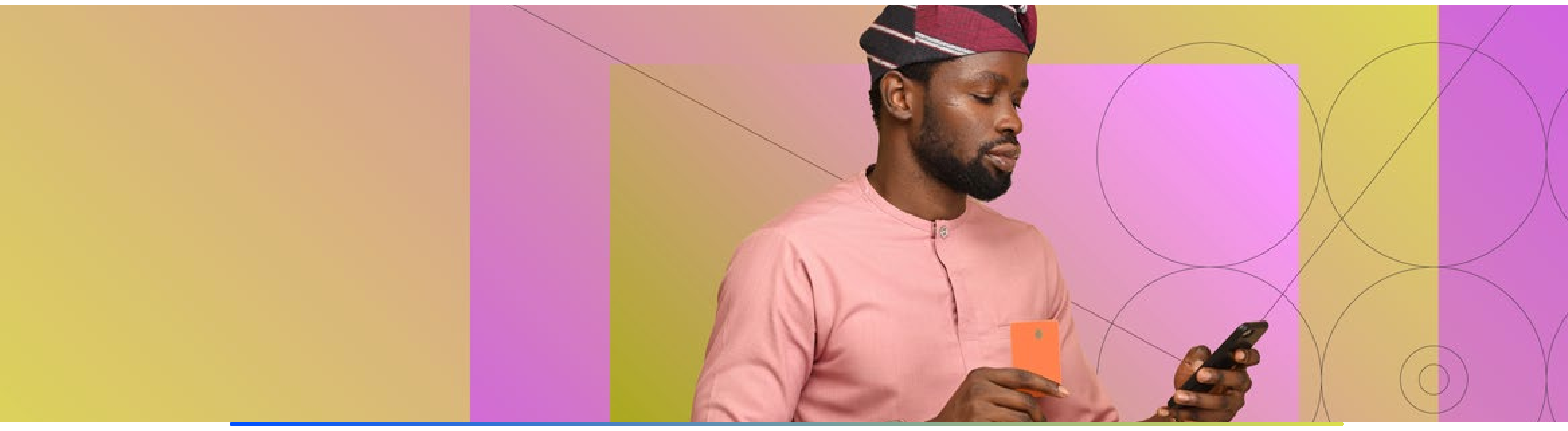
EBANX

Latin America shows how cards can soar given the right environment –even amidst the boom of alternative, instant payments across the region. According to the World Bank, **almost 160 million Latin Americans are card owners**, growing from 33% to 57% in just one decade.

A real trailblazer for card access in Latin America is **Nubank**. Founded in Brazil in 2013, Nubank has rapidly become a financial powerhouse, attracting **60% of Brazilian adults as clients**. The company started with an unorthodox strategy: offering credit cards first, with small limits, and then evolving to added-value services such as digital accounts, investments, insurance, and other financial products.

Nubank grew by targeting underserved consumers: 50% of its customers in Brazil are young, from 20-30 years old, and 56% are female, per a **2024 Mastercard and Nubank study**. "To bring more people into the financial system, Nubank uses a 'low-and-grow' strategy: they grant lower credit limits to new customers (based on their risk profile) and raise these limits in response to positive use and payment history," reads the report.

With this same strategy, Nubank has successfully expanded into Mexico and Colombia, amassing a customer base exceeding 110 million –and shows no signs of slowing down. At the end of 2024, the company made a strategic **investment of USD 150 million in Tyme Group**, a fintech company with operations in South Africa and the Philippines, underscoring its clear intent to broaden its reach.



IN AFRICA AND INDIA, LOCAL CARD NETWORKS ARE MOVING CARD ADOPTION

On the other side of the Atlantic, in Africa and India, local card networks are the ones pushing the shift in card ownership, while major card brands such as Visa and Mastercard are also investing in the region, eyeing its growth potential.

"It's still a very APM-driven market, but the reality is that cards are growing faster in some countries, thanks to those domestic networks," says Wiza Jalakasi, Director of Africa Market Expansion at EBANX.

> **"It's still a very APM-driven market, but the reality is that cards are growing faster in some markets, thanks to those domestic networks. They are bringing in customers that merchants are not seeing –people who couldn't previously participate in the global economy now have access to it."**
>
> **Wiza Jalakasi**
> Director of Africa Market Expansion at EBANX

One of the main examples of this trend is **Verve**, a local card brand that is gaining significant traction in many African countries –particularly in Nigeria, where **it has reached 70 million unique users**. According to their reports, Verve has recorded an impressive 40% growth rate over the past two years, primarily among the young, digitally savvy population.

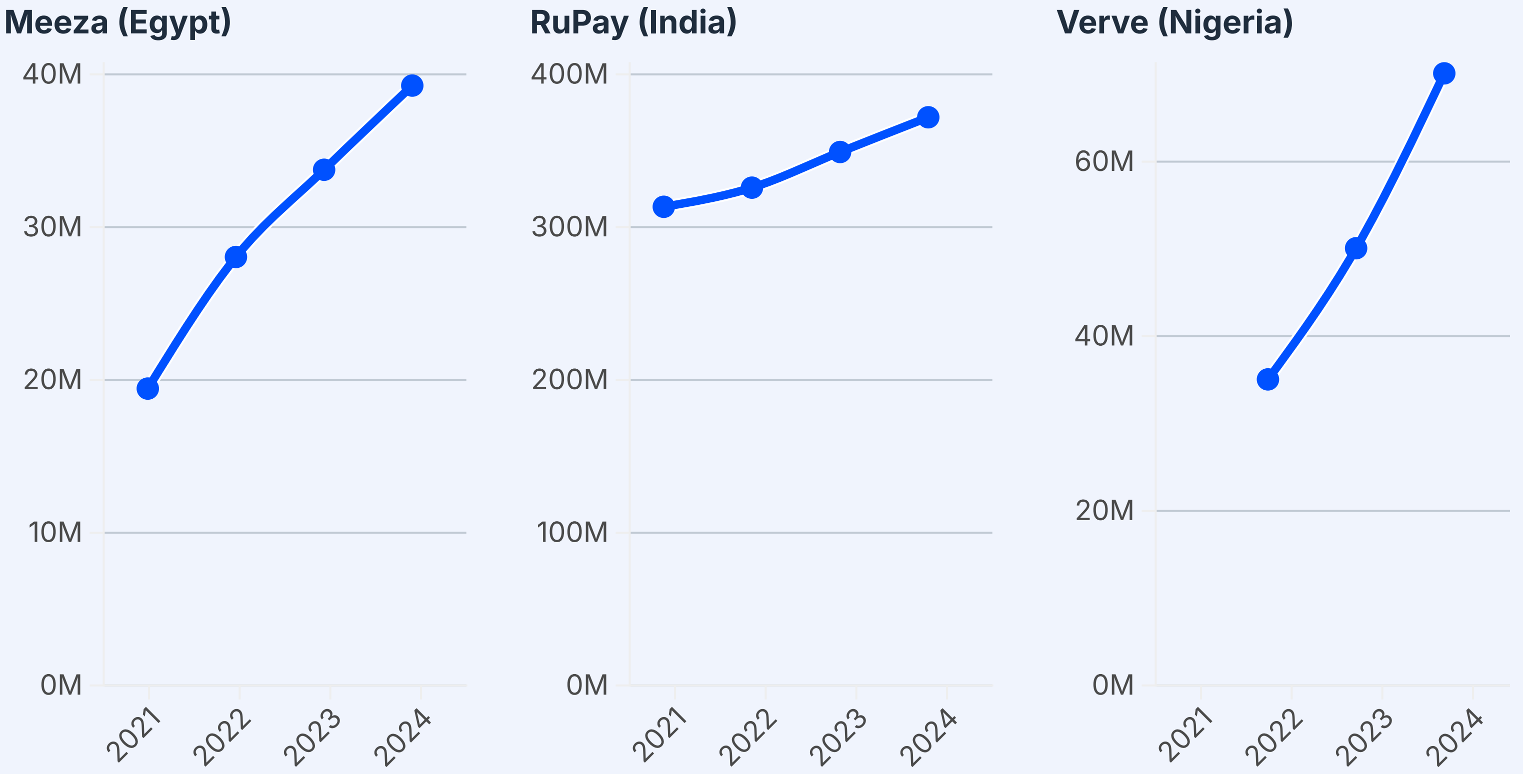
"Verve is causing a shift in card usage in Nigeria, both online and offline, slightly moving away from the dominance of bank transfers," explains Jalakasi. He adds, "It's huge—70 million people who couldn't previously participate in the global economy now have access."

This upward trajectory is anticipated to continue, with their own projections estimating a **customer base of 100 million by 2025**. The company **emphasizes** that its solutions are "tailored to economic and operational realities of the African markets," meaning "a more affordable card option." Its extensive network enhances the card's appeal to Nigerian consumers and underscores Verve's potential to become a key player in African markets.

Local brands are moving card adoption in Africa and India

Verve, Meeza, and RuPay are expanding fast, bringing new consumers to the digital commerce

number of cards issued, in million



Source: Central Bank of Egypt, InterSwitch, PMJDY • RuPay (India): debit cards only

In **Egypt**, the local card scheme Meeza was driven by the local government's initiative to improve the financial inclusion of its people. The country boosted the card's relevance by directing most social insurance pensions and payroll to Meeza cards, encouraging people to use them.

In addition, Meeza's issuing strategy was focused on prepaid and debit cards, which are much more widespread in Egypt than credit cards. Together, the two amount to 90% of all cards issued in the country.

"Debit is the most convenient card in Egypt, but prepaid cards are booming because you don't need a bank account to own them," says Karim Elbaz, Director for MENA at EBANX. "Credit cards would require a lot of information – credit history, bank account... For a prepaid, you'll go through a soft registration process, submitting your ID, and that's it."

Meeza cards have seen significant growth within the country. As reported by the **Central Bank of Egypt**, the company has already issued 39 million cards, contributing to card ownership (debit, credit, and prepaid) reaching about **half of the adult population** —or 35.6 million people in total.

India is also experiencing remarkable growth in its card market. **By November 2024**, the country had circulated 107 million credit cards and an astonishing 993 million debit cards —which reached a 5% and 27% penetration rate among adults, respectively, per the World Bank.

Leading the local solutions is **RuPay**, a state-backed card scheme with an impressive base of **over 750 million cards**, debit and credit combined. Just like in Egypt, RuPay's strategy is focused on debit cards, which represent about 90% of all cards issued in India, **per the RBI**.

"**Those are customers that merchants might not be seeing –simply because they do not support the right scheme,**" says Jalakasi.

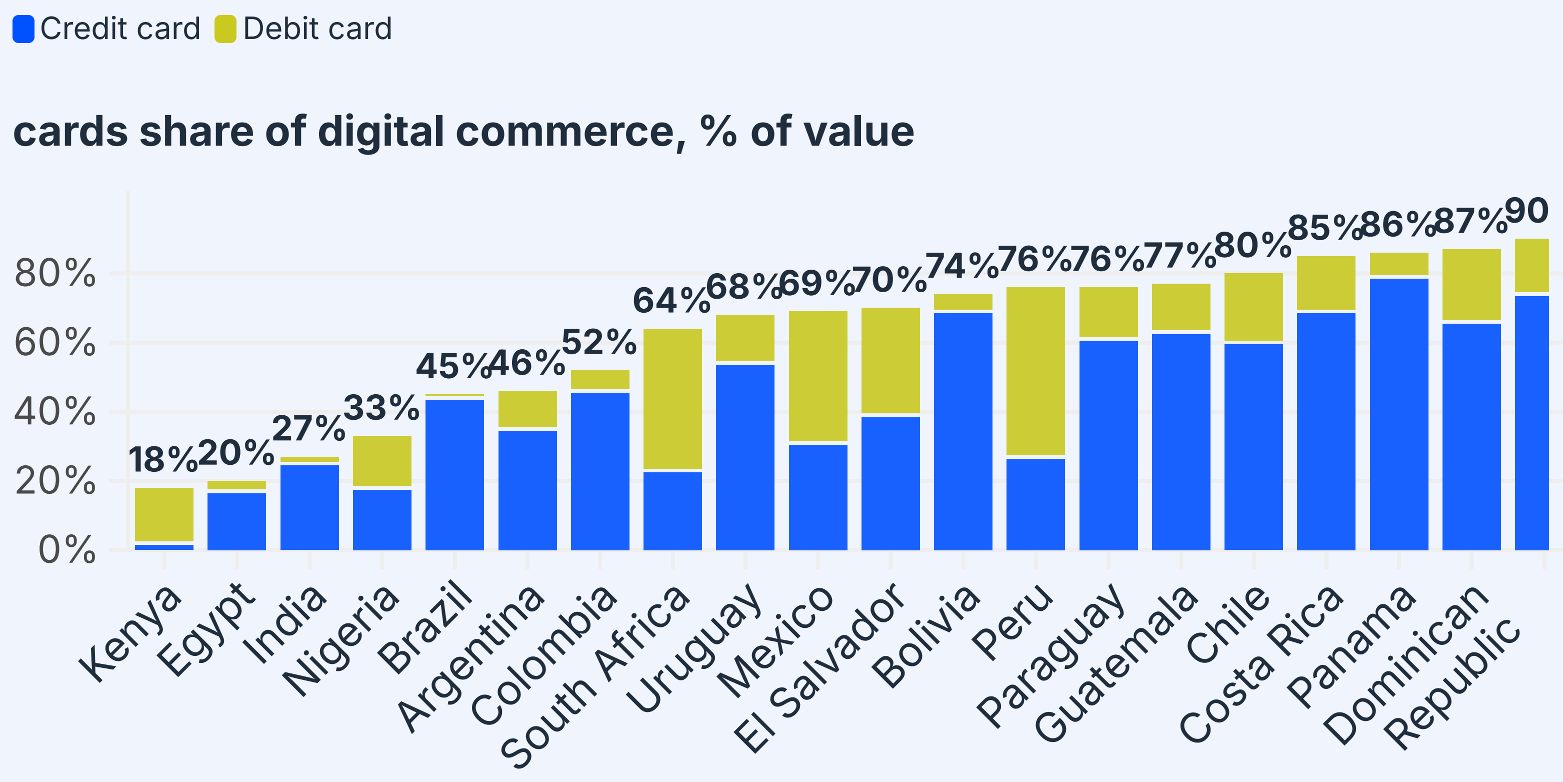
CARDS KEEP BOOMING IN DIGITAL COMMERCE

While card usage in rising markets might be challenging, **cards remain a cornerstone of digital commerce in emerging economies, with significant adoption rates and transaction volume**.

The prominence of cards in e-commerce is evident in their significant share of online spending in multiple regions. According to PCMI data, cards (credit and debit) represent 64% of the online payment volume in South Africa, 69% in Mexico, and an impressive 80% in Chile.

Cards dominate online spending volume in many emerging markets

Whether credit or debit, they remain the preferred choice for e-commerce in multiple countries



Source: PCMI, 2024

While their share has been dropping in some markets due to increased competition from alternative payments (Brazil and Argentina), card volumes keep growing in all of them, sustaining their market share and prominence in online sales.

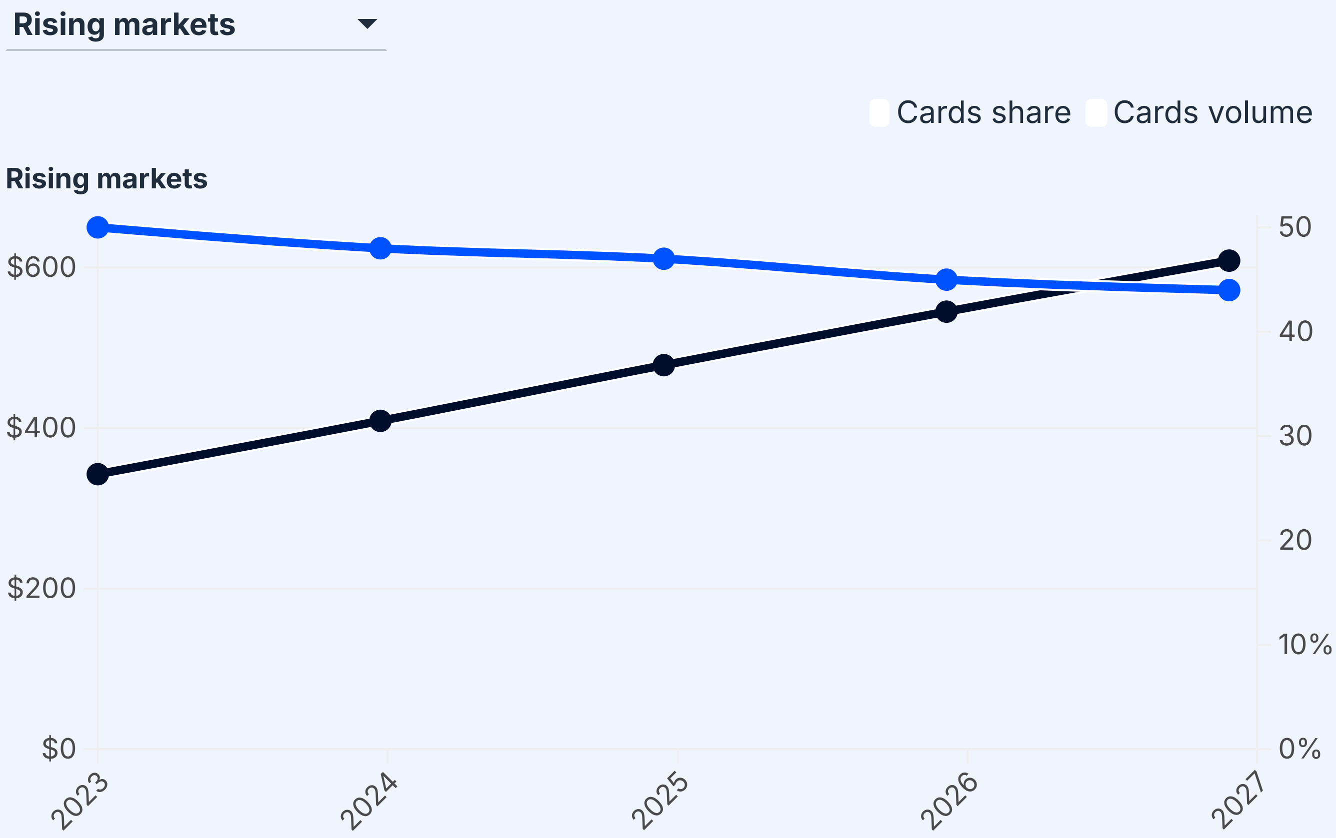
As Lindsay Lehr, Managing Director of PCMI (Payments and Commerce Market Intelligence), points out: “With all this disruption, card volume hasn't dropped. They are still growing – it's just that the payments pie has gotten much bigger as other payment methods have captured what was previously transacted in cash."

Indeed, **the online volume of cards in rising markets is expected to grow by 15% annually through 2027**, to USD 600 billion. Most of this will be spent with credit cards, but debit cards also keep growing, rising from 19% to 27% of all card spending from 2023 to 2027.

Andy McHale, Senior Director of Product and Market Strategy at Spreedly, an open payments platform, reinforces the enduring relevance of cards: "Cards are still prominent. I don't see them going away anytime soon."

Card online volume keeps growing in emerging markets

Even amidst increasing competition from alternative payments, card online transactions are expected to grow in every country analyzed



Source: PCMI, 2024

> **"Cards are still prominent. I don't see them going away anytime soon."**
>
> **Andy McHale**
> Senior Director of Product and Market Strategy at Spreedly

According to the experts interviewed for this study, there are three main reasons why cards keep growing in e-commerce in emerging markets.

REASON #1: DIGITAL-FIRST ISSUERS ARE BOOSTING ONLINE CARD SPENDING

A key driver behind cards' sustained presence in e-commerce is the entrance of new players into the market, including new issuers such as digital banks and fintechs. **These companies have expanded access to credit and provided innovative card-based solutions tailored to digital commerce.**

By offering user-friendly platforms, rewards programs, and enhanced customer experiences, these financial institutions are reshaping how consumers engage with card payments –especially online.

Internal EBANX data underscores the impact of these efforts in Latin America, where **a significant portion of online purchases are now made through cards issued by neo-banks and fintech companies.**

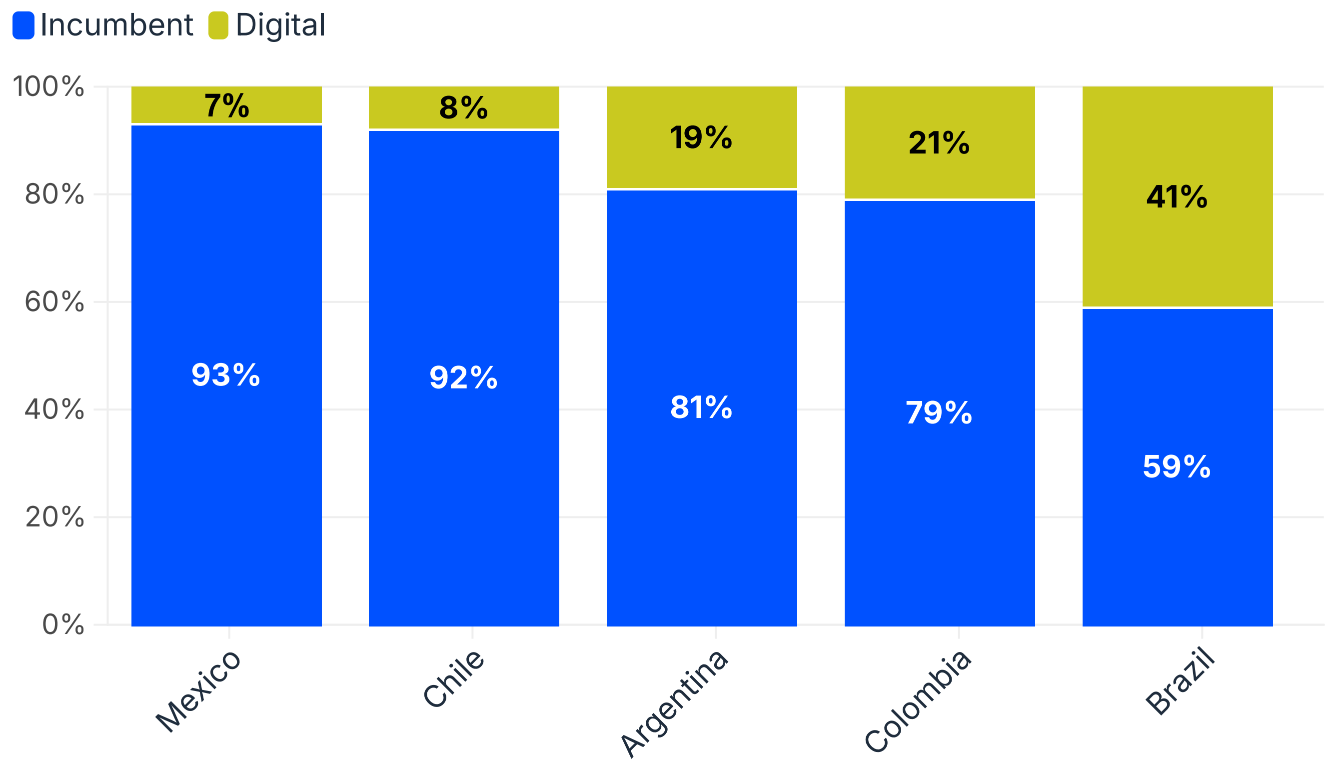
Brazil leads the charge, with 41% of card transaction total value coming from digital issuers' cards, such as Nubank, C6, and Banco Inter. This trend is gaining traction in other countries in the region, mainly Colombia (21%) and Argentina (19%), where intense fintech activity by players like Nequi and Mercado Pago is pushing card issuance.

In Chile, where the banking sector is well established, and nearly 80% of the population owns a card, this volume drops to only 8% of online sales. Finally, in Mexico, where the banking sector is yet to be disrupted, most card online volume comes from incumbent issuers.

Digital players are driving more consumers online

A significant part of online purchases in LatAm countries is paid through neobanks and fintechs' cards, according to EBANX internal data

card online volume, per type of issuer



Source: EBANX internal data • Card payment volume in 2024

These institutions' ability to seamlessly integrate with digital commerce platforms and merchants, in addition to their innovative solutions for the online environment, have positioned them as key drivers of a broader shift toward card-based transactions.

In Nigeria, for instance, global giants such as **Google**, **YouTube**, **AliExpress**, **Netflix, Amazon Prime, Facebook, Spotify, and Uber** have already integrated Verve cards into their checkouts. Chinese retailer Temu is also **set to launch it** as a payment option.

Innovations in security and safety have also been a highlight for these digital issuers to encourage greater use of cards for e-commerce. In Egypt, **Meeza cards provide cyber risk insurance coverage for digital financial services**, offering consumers and businesses peace of mind when buying online.

This type of measure, together with advancements such as biometric authentication and tokenization, has grown consumer trust and solidified cards as a preferred payment method for online shopping.

"The fear of using cards online that existed a few years ago is no longer a reality," notes Etcheverry, from EBANX. "Today, people are significantly more confident and comfortable using cards for online transactions."

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Juliana Etcheverry
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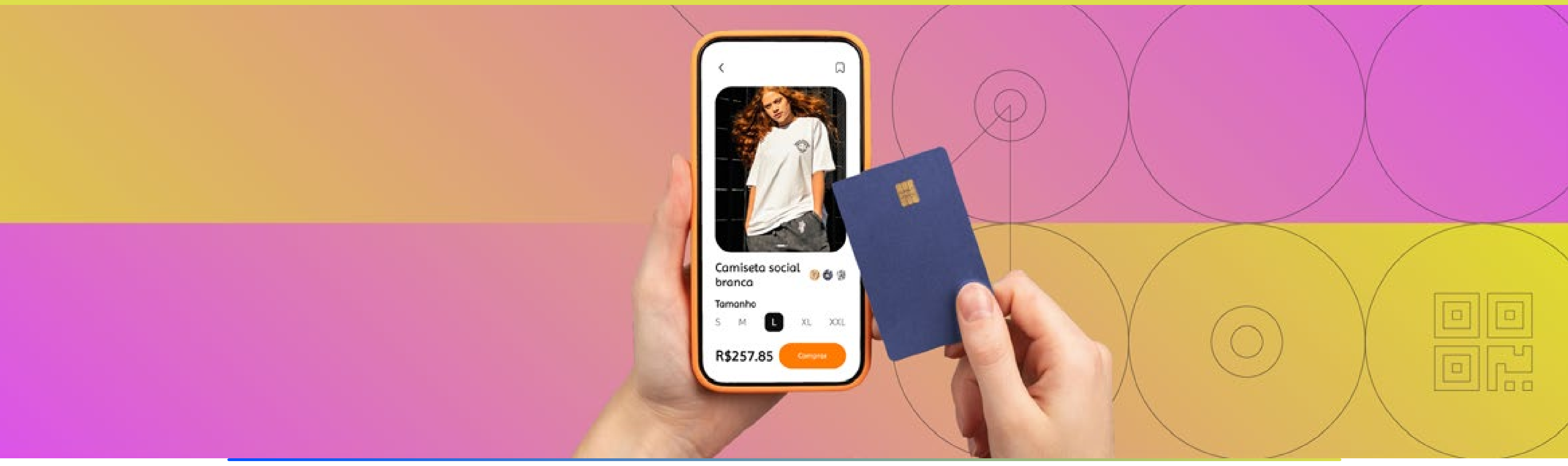


REASON #2: A MORE INFLUENTIAL CONSUMER DEMOGRAPHIC

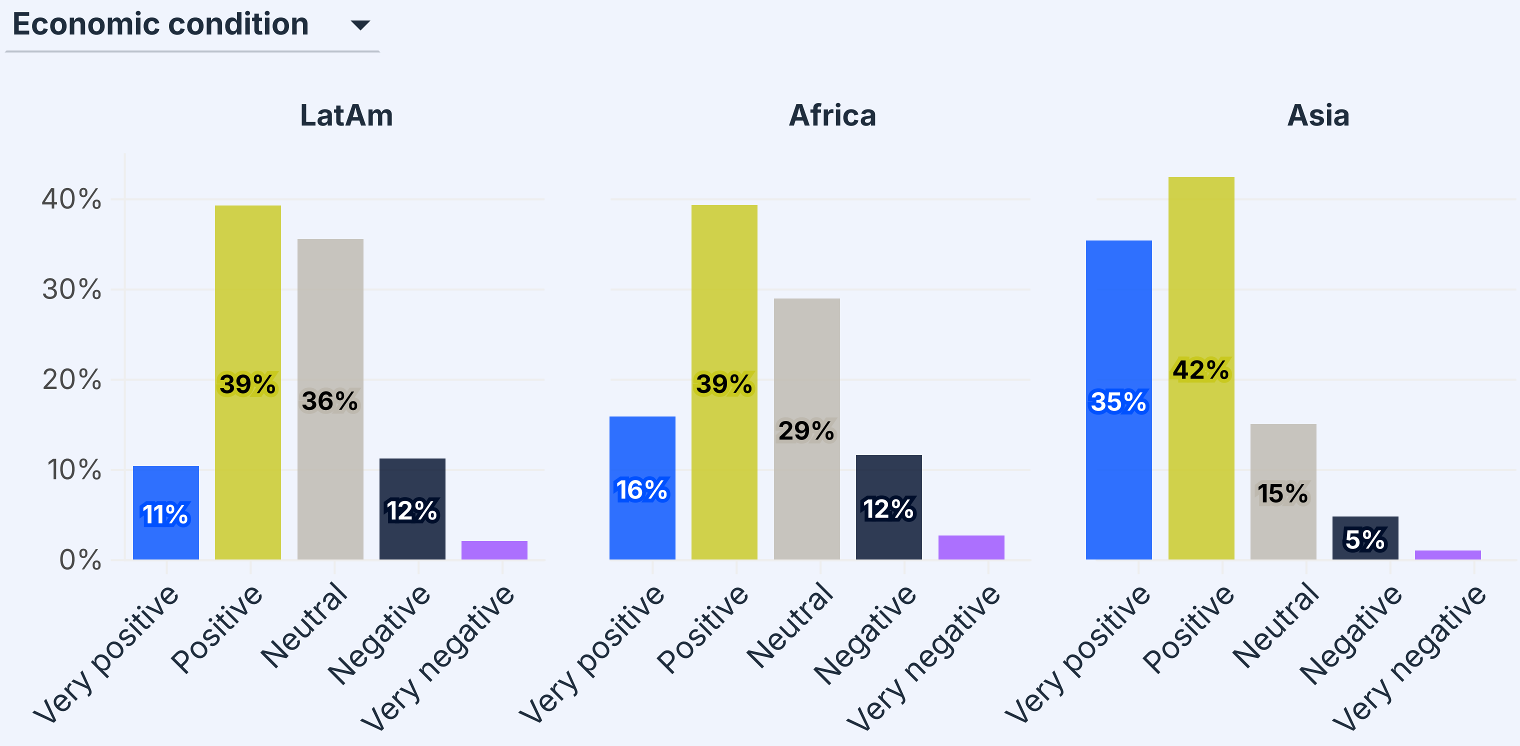
Another key factor that ensures the continued relevance of cards in e-commerce is **their appeal to a more influential consumer demographic—those with higher incomes and greater purchasing power.**

According to [Statista Consumer Insights]() data, credit card ownership is strongly correlated with higher levels of formal education and better economic conditions compared to the general population, which in turn drives greater spending through this payment method. Consumers in this demographic tend to have more disposable income, leading to higher transaction volumes and making them key drivers of e-commerce activity.

Of course, this varies according to the region. Gaps in credit card access are particularly profound in regions like Southeast Asia. In contrast, credit card access across Latin America appears more democratized, with a broader segment of the population benefiting from credit products.

In emerging markets, credit card owners have higher income and purchasing power

According to survey data, credit card ownership is strongly correlated with higher levels of formal education and better economic conditions



Source: Statista Consumer Insights, 2024 • Based on data from available countries at the latest consumer survey edition, as follows. **LatAm**: Brazil, Mexico, Argentina, Chile, Peru, Colombia, and Dominican Republic. **Africa**: Egypt, Nigeria, Morocco, and South Africa. **Asia**: India, Vietnam, Malaysia, Thailand, Indonesia, and Philippines.

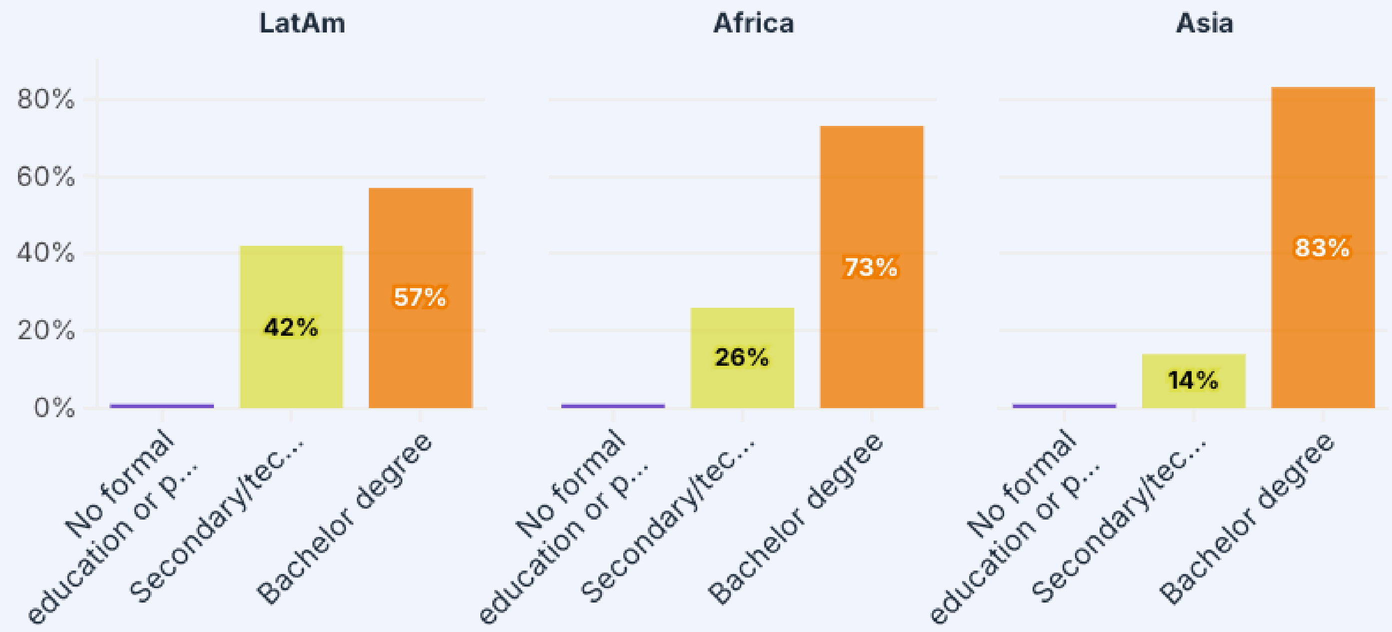
"In many Asian economies, credit cards are not available to everyone. But the spending on issued cards is very heavy, which shows that there's a consumer segment who prefers to use cards," says Rashmi Satpute, Country Director for India at EBANX.

Credit cards will continue to play a pivotal role for these consumers, as Lindsay Lehr, from PCMI, highlights: "Credit cards remain an essential product, especially for affluent individuals who are drawn to loyalty programs and for those making cross-border purchases—this is their niche."

In emerging markets, credit card owners have higher income and purchasing power

According to survey data, credit card ownership is strongly correlated with higher levels of formal education and better economic conditions

Education



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EBANX

In emerging markets, credit card owners have higher income and purchasing power

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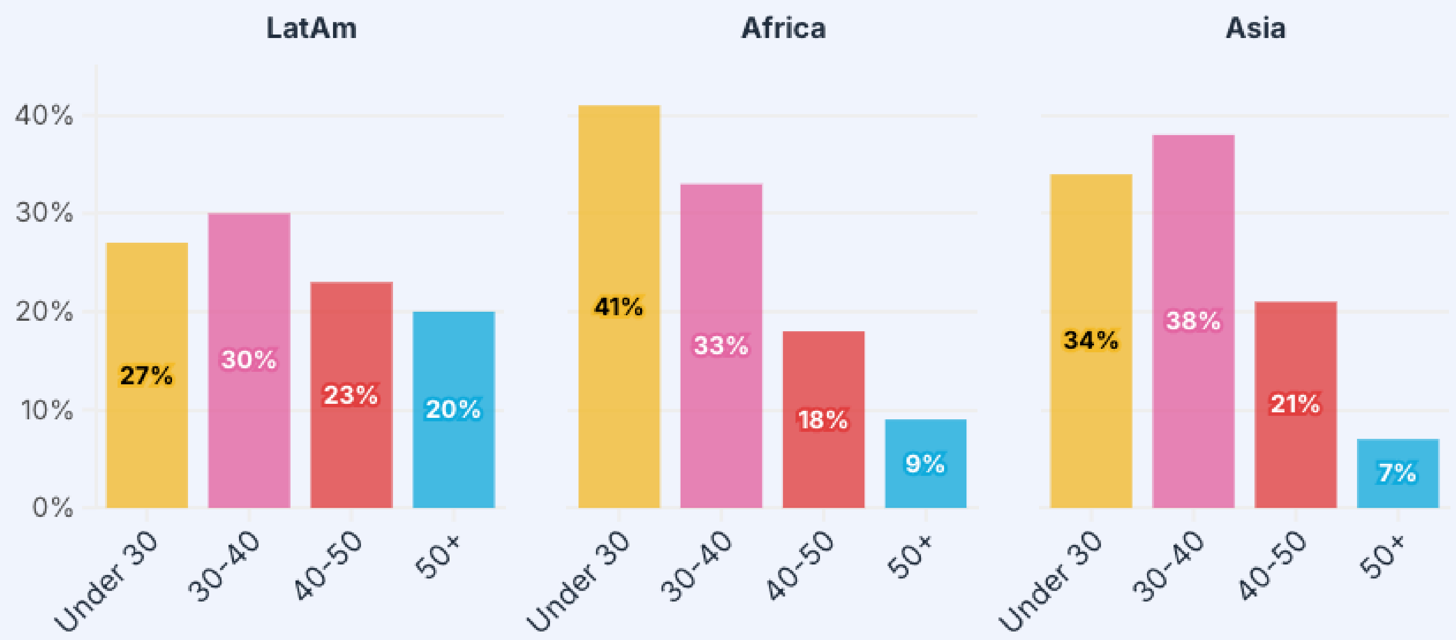
Age



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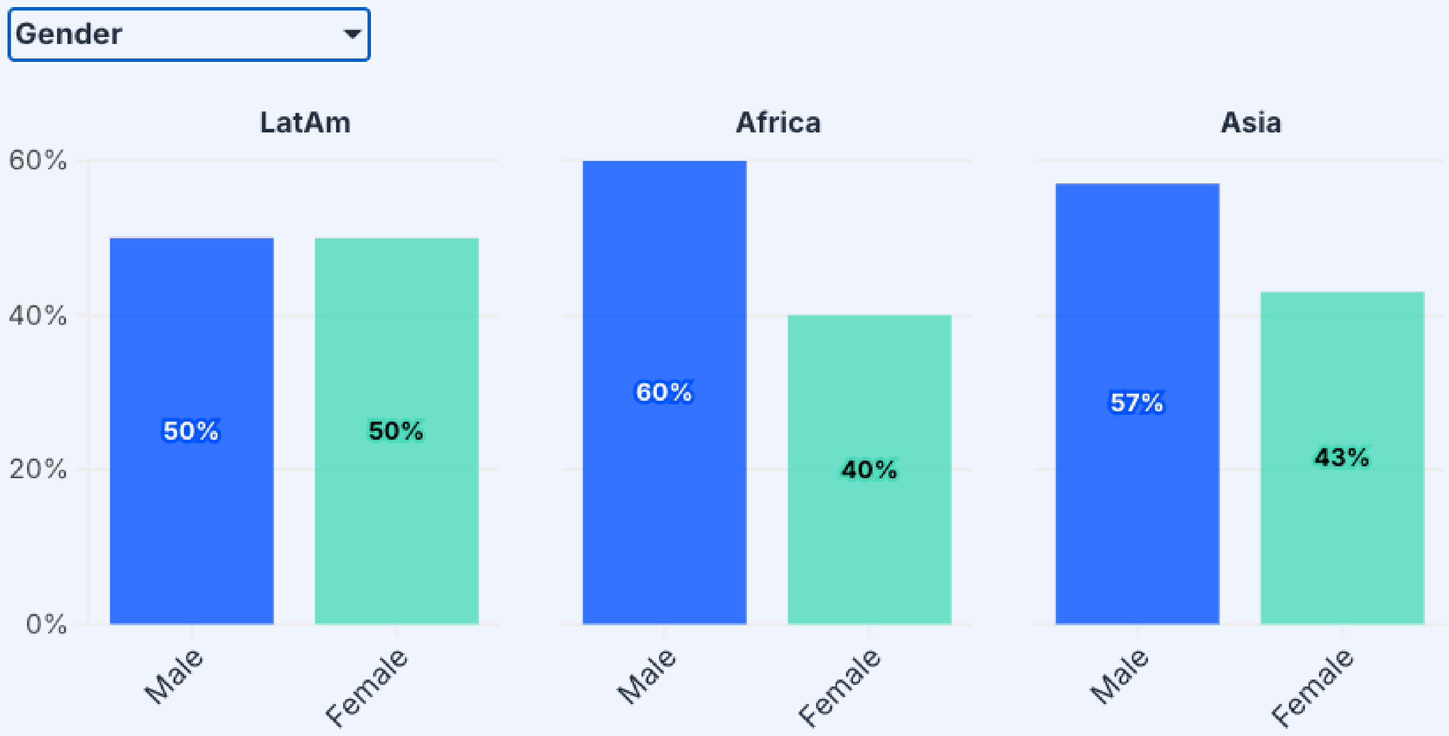

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Sophisticated loyalty programs have been great at promoting credit card usage among consumers who seek additional benefits. For affluent users, these programs remain a significant factor in maintaining cards' relevance and dominance in the e-commerce space. As Lehr observes, "Loyalty programs have become increasingly aggressive, complex, and rich."

> **"Credit cards remain an essential product, especially for affluent individuals who are drawn to loyalty programs and for those making cross-border purchases—this is their niche."**
>
> **Lindsay Lehr**
> Managing Director of PCMI (Payments and Commerce Market Intelligence)

Lehr doubts whether traditional issuers will prioritize expanding credit penetration or providing broader access to underserved segments. Despite increasing competition from fintechs and neobanks, she notes, "Most traditional issuers and banks lack the appetite to innovate or expand credit offerings significantly, even though there's undeniable opportunity in this space."

As competition from fintechs and neobanks increases, traditional issuers may eventually be compelled to adapt, but for now, cards retain their place as a premium product for high-value consumers in rising markets.

REASON #3: CARDS ARE THE NATIVE PAYMENT FOR ONLINE PURCHASES

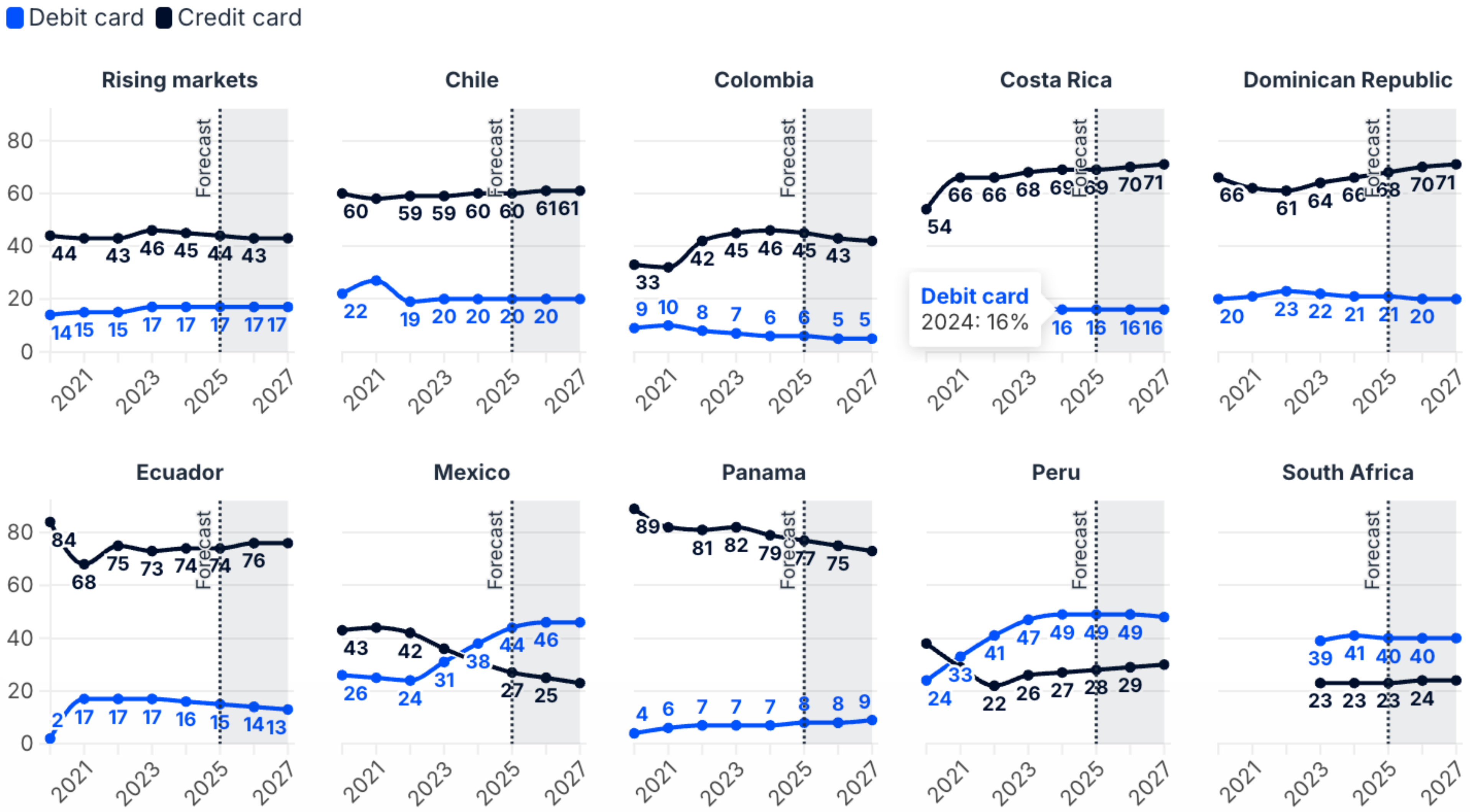
Cards have traditionally been the go-to payment option for online purchases due to the seamless and reliable buying experience they provide. With their convenience, enhanced security features, and broad acceptance, they enable shoppers to complete transactions quickly and confidently. **This superior customer experience drives their continued dominance in e-commerce**.

Although alternative and disruptive payment methods have emerged in recent years, causing cards to lose some market share in e-commerce, predictions indicate that, in many emerging markets, cards are unlikely to lose their dominance in both share and volume in the coming years. Even where there is a shift happening, cards still hold a massive volume, showing consistent growth within the next years.

Cards' superior user experience drives their dominance in digital commerce

Predictions indicate that cards are unlikely to lose their dominance in online sales in many emerging markets

share of digital commerce, in %



Source: PCMI, 2024 • **Rising markets:** Latin America (top 15: Argentina, Bolivia, Brazil, Chile, Colombia Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, and Uruguay), Africa (top 4: Egypt, Kenya, Nigeria, and South Africa), and India.

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As Lindsay Lehr, Managing Director at PCMI, points out, "**Cards continue to be the leading payment method in e-commerce because they were the first movers.** In most cases, the e-commerce industry was built around card infrastructure." Thanks to their pioneering, they are widely accepted by online sellers and deliver a superior shopping experience, with a seamless checkout integration and easy UX, offering convenience to consumers.

One of their main advantages is their robust security measures. Compared to alternative payment methods, they can effectively counter fraud and handle chargebacks, which is a special advantage for the online consumer.

"With card payments, if there's ever an issue, I can easily dispute the transaction and get my money back without any hassle," says Lehr.

Thanks to cards pioneering in e-commerce, they are widely accepted by online sellers and deliver a superior shopping experience, with a seamless checkout integration and easy UX.

Juliana Etcheverry from EBANX adds that card capabilities are set to evolve with new features, such as account updater (updating card information automatically for seamless transactions), card on file (storing card information for future transactions), and 3DS (a security protocol that verifies the cardholder's identity). "Ultimately, these features lead to a smoother user experience and a more reliable service, significantly reducing the risk of data breaches and fraud."

At EBANX, advanced card features are enhancing approval rates and overall card transaction security across emerging markets. Network tokenization, for instance, which replaces sensitive card data with encrypted identifiers for each transaction, brought an average increase of 2 percentage points in approval rates, reducing fraud-related declines by 86%. In addition, the technology led to the near-elimination of declines due to expired cards, since it automatically updates the card number when it changes.

Finally, in the loyalty space, various initiatives continue to attract more consumers to credit cards, including **partnerships with local or regional retailers and service providers**. These collaborations often offer rewards and cashback programs that incentivize card usage and enhance customer loyalty.

Etcheverry points to **Hot Sale, one of the largest sales events in Latin America, as a prime example of how strategic efforts drive card usage.** Hot Sale is a highly anticipated event across Latin America, akin to Black Friday in other regions. It typically spans several days and involves deep discounts across various categories, from electronics to apparel, coupled with promotions like cashback and interest-free installment payments.

During this event, specific partners collaborate with card issuers to promote cashback offers, incentives, and exclusive discounts.“Issuers are becoming increasingly strategic in their efforts to encourage card usage, especially as alternative payment methods continue to gain traction in these markets," she says.

By aligning with such events, card issuers and merchants potentially tap into heightened consumer demand, fostering increased card usage and building long-term loyalty.

"This initiative had a very positive impact on our merchants, boosting their business and increasing sales significantly," Etcheverry comments.

STREAMING, SAAS, GAMING, AND TRAVEL LEAD IN CARD PREFERENCE BY VERTICAL

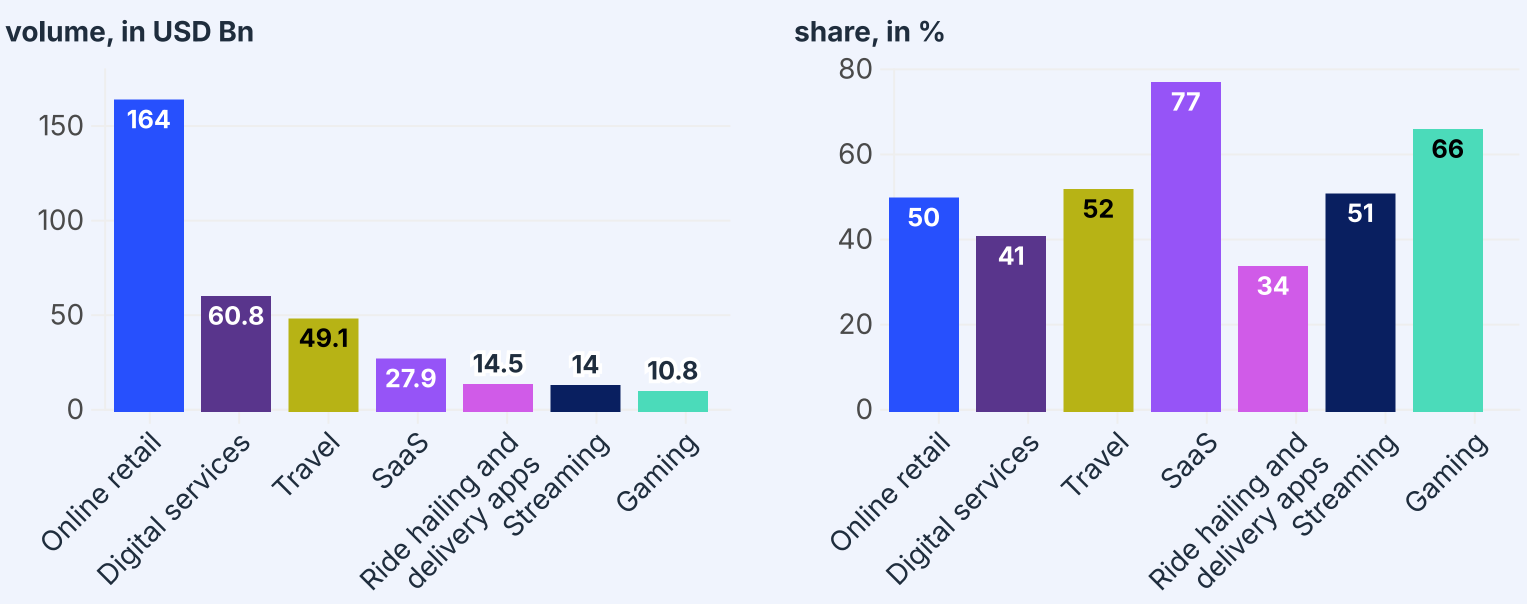
When looking at consumer behavior per vertical, it is essential to highlight four growing segments where credit cards play a crucial role: streaming, SaaS, gaming, and travel.

Cards are the prime choice when buying SaaS, gaming, travel, and streaming in rising markets

Although most of cards online volume is spent in online retail, these are the verticals where cards have the highest share of sales

card online volume by vertical, in USD billion

select region or country All



Source: PCMI, 2024 • Data encompasses online sales in Latin America (top 15 countries), India, and Africa (Egypt, Kenya, Nigeria, and South Africa)

EBANX

Streaming platforms have significantly reshaped consumer habits in recent years, simplifying access to the latest movies, television series, and music. They have accustomed many users to the convenience of online recurring payments, where credit cards excel due to their ease and security.

Cards are the go-to payment method for this type of service in rising markets, making up 51% of all streaming transactions. In some countries, it's even more extreme – we're talking 91% in Panama and a solid 87% in both Chile and Brazil. The rest of the region is not that far behind: 77% of Latin Americans are reaching for their cards when it's time to pay for their streaming fix. All in all, we're looking at a massive USD 14 billion in online sales each year.

Software as a Service (**SaaS**) companies benefit considerably from credit card payments, primarily serving other businesses and some individual users.

SaaS is also a huge market for cards in Latin America, with 81% of payments done by card, with Ecuador and the Dominican Republic as a highlight, with 92% and 91%, respectively. The region poses a USD 27.9 billion opportunity just for SaaS. India is also a market where cards are the preferred method in this vertical, with 73% of payments made that way, which accounts for around USD 10 billion.

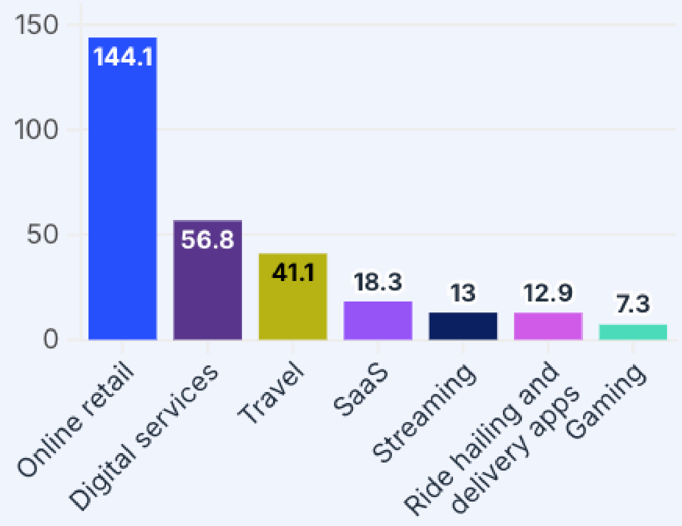
Cards are the prime choice when buying SaaS, gaming, travel, and streaming in rising markets

Although most of cards online volume is spent in online retail, these are the verticals where cards have the highest share of sales

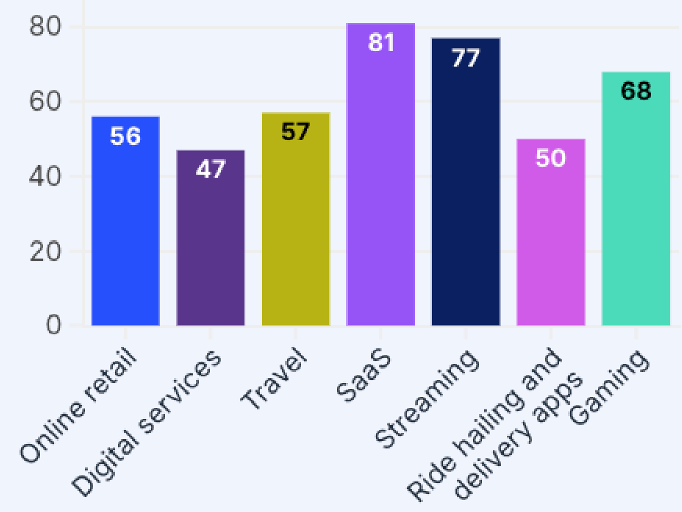
card online volume by vertical, in USD billion

select region or country LatAm

volume, in USD Bn

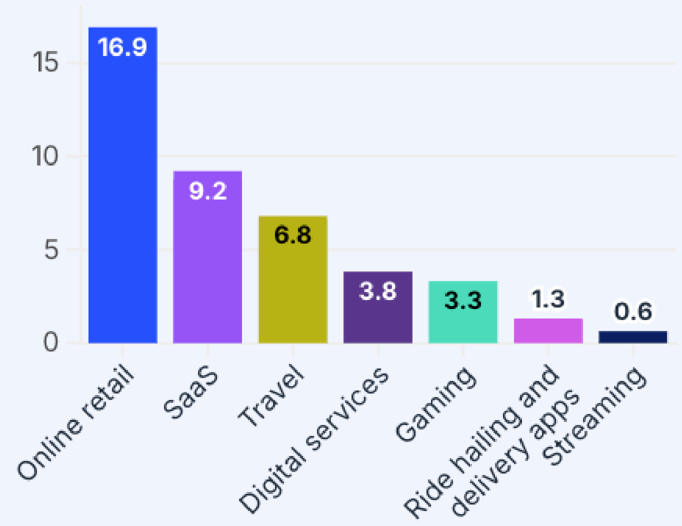


share, in %

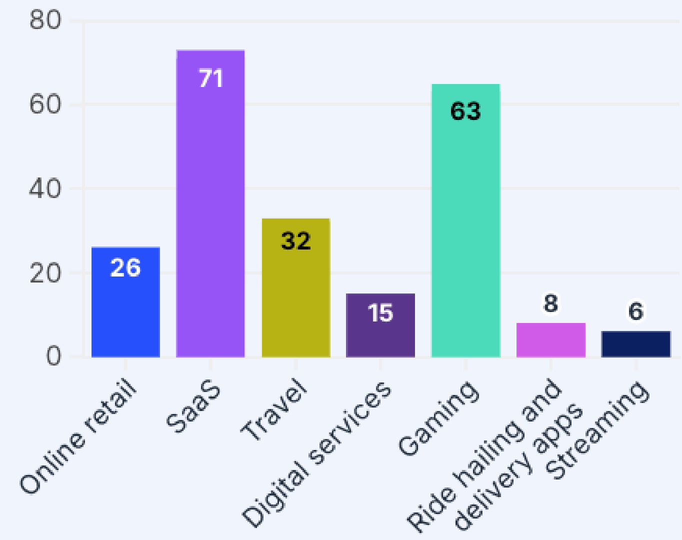


select region or country India

volume, in USD Bn

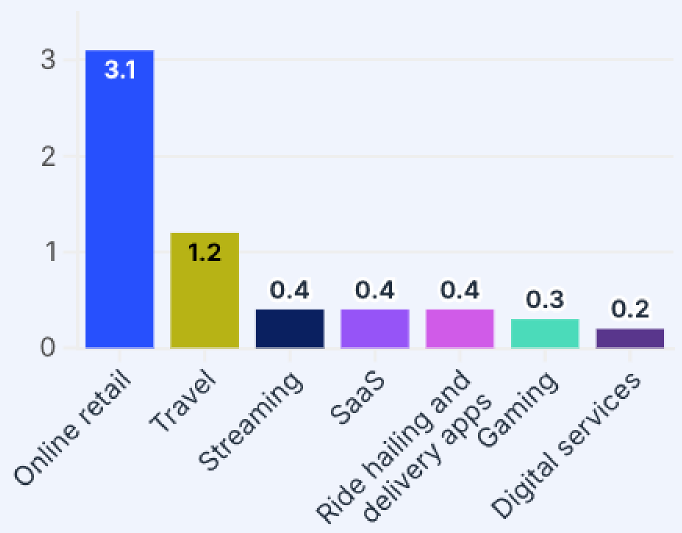


share, in %

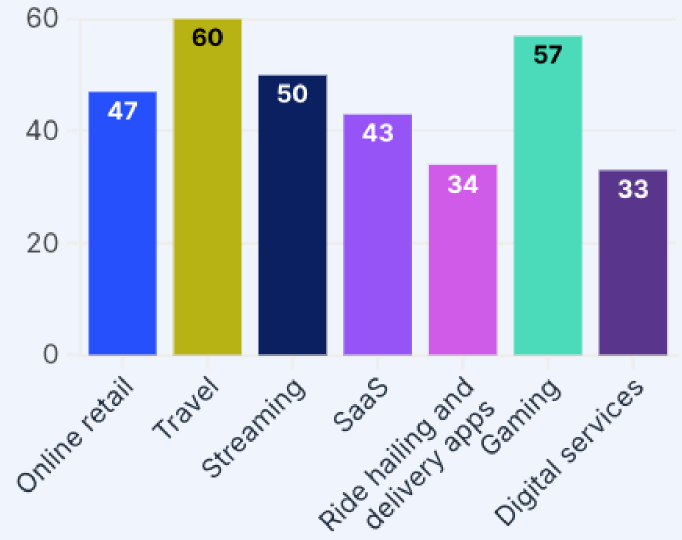


select region or country Africa

volume, in USD Bn



share, in %



Source: PCMI, 2024 • Data encompasses online sales in Latin America (top 15 countries), India, and Africa (Egypt, Kenya, Nigeria, and South Africa)

EBANX

Travel represents another significant area of credit card use since expenses are typically larger and cards give the option to pay in installments. Countries such as Costa Rica, with a 95% card share among travel online spending, and Chile and Ecuador, with 92%, show the convenience and flexibility credit cards offer in managing travel-related costs.

Africa is one of the regions with the biggest card share, with 60% of travel payments made with cards. South Africa leads with 71% of card usage for travel. In India, only 33% of card usage is for travel, because buyers prefer to pay with UPI –60% of travel transactions are paid for using the service. Still, Indian citizens can use their cards in the UPI system, too.

Last but not least, spending on **Gaming** has soared in rising markets, and cards have been the preferred payment method for gamers in those markets.

Gaming is the second biggest vertical in card share in the regions explored in this study, even though it's the smallest in volume, with USD 10.8 billion total spend (far from being an insignificant amount, of course). Panama has 92% of card share, while the Dominican Republic has 91%. This is another vertical where Latin America shines, with a total of 68% card share spent on gaming.

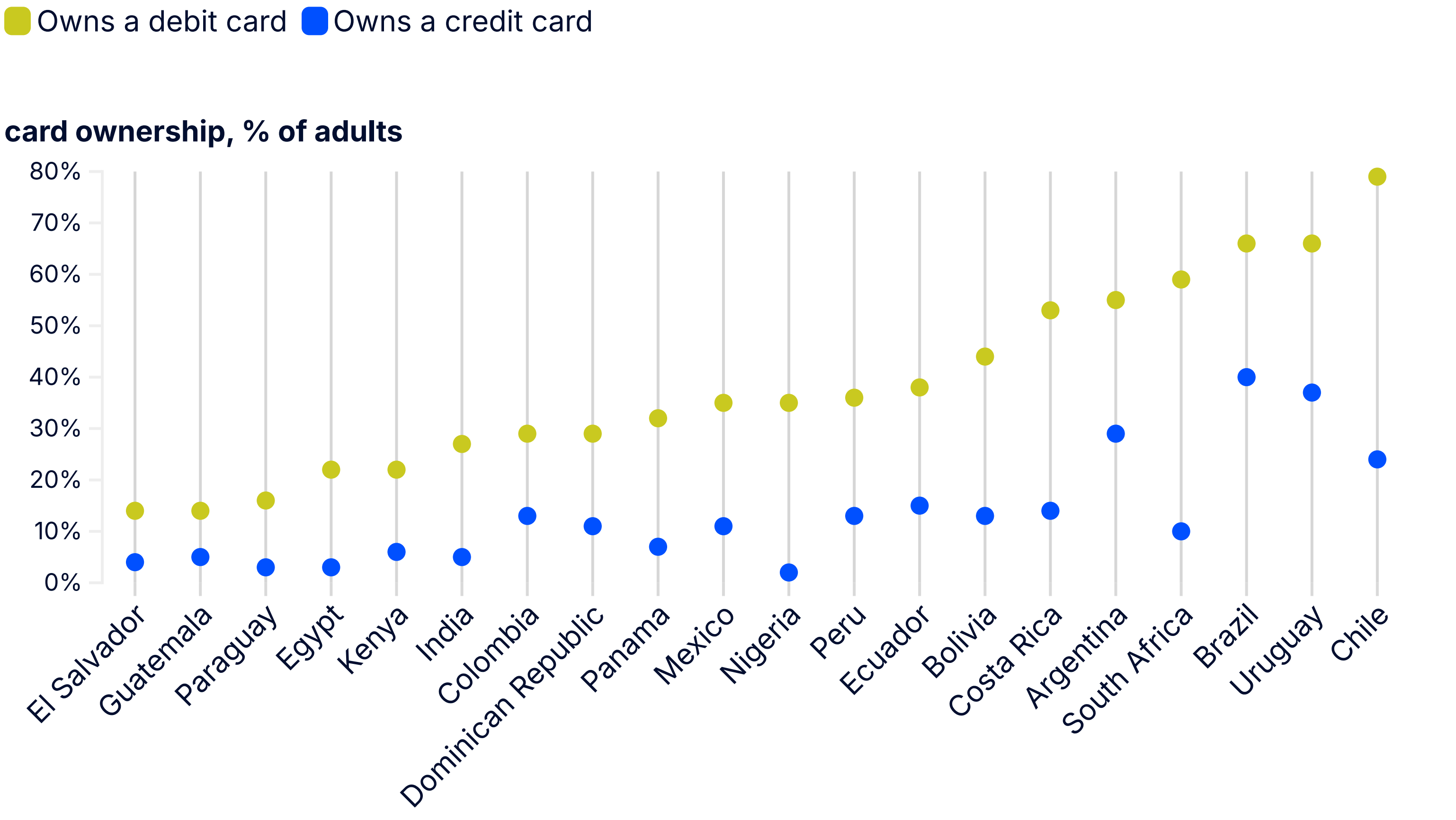
THE ROLE OF DEBIT CARDS IN BRINGING NEW CONSUMERS TO DIGITAL COMMERCE

Today, most card online spending in rising markets is done through credit cards –approximately 80%, according to PCMI. However, thanks to their widespread adoption, **debit cards have been an important avenue for attracting new online customers.**

Emerging markets have seen a growing curve in debit card ownership, which is much higher than that of credit cards: 45% versus 17%, per the World Bank Global Findex (considering only developing countries). Fintech companies and incumbent banks have been making strides in promoting card access, primarily through debit cards.

Debit cards first in rising markets

Debit cards are more widespread than credit cards, as they usually come with an account



Source: World Bank Global Findex, 2021

The disparity is understandable: debit cards rely on existing account balances, whereas credit cards involve, obviously, credit, which can be challenging for many to obtain.

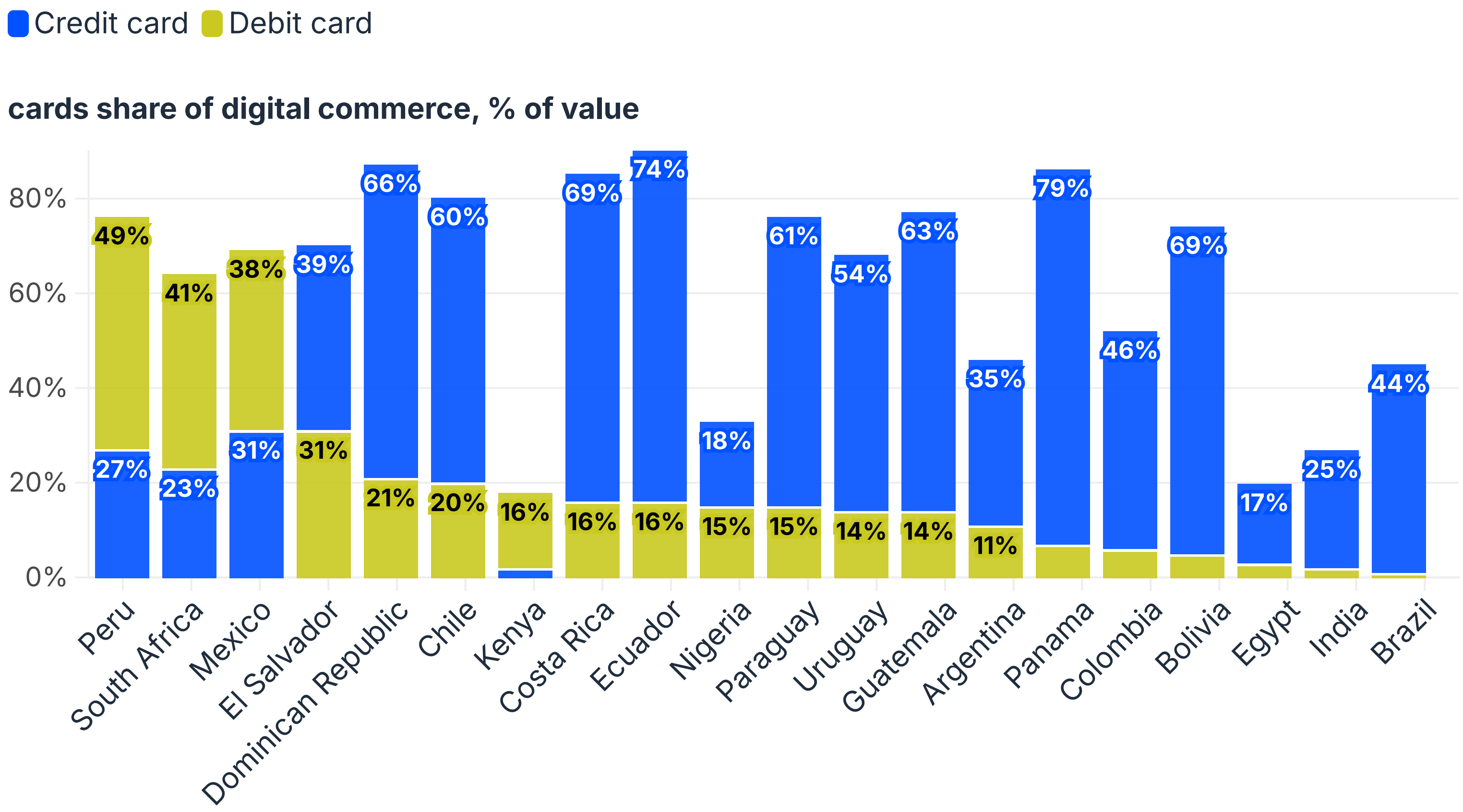
"Debit cards, in a way, have overtaken cash in some Latin American markets," says Juliana Etcheverry, Director of Country Growth – Latin America at EBANX. "Issuers are focusing on reaching unbanked or underbanked populations by offering prepaid cards or easing access to a bank account."

The same happens across other emerging regions. In Egypt, for instance, 40% of all issued cards are debit, and other 50% are prepaid. In India, the share of debit cards reaches 90%. “Debit is the most convenient card option for many consumers,” says Karim Elbaz, Director for MENA at EBANX.

This is clear in digital commerce: according to PCMI, **in Peru, Mexico, South Africa, and Kenya, most of the card online volume is paid through debit cards.** These are markets where credit access is particularly limited—and, additionally, where there is no competitive alternative for debit cards, such as instant payments, an easy-to-use account-based transfer, or a widespread digital wallet.

Where debit cards matter the most

In Peru, South Africa, Mexico, and Kenya, debit cards actually have a larger online transaction volume than credit cards



Source: PCMI, 2024

Debit cards have been an avenue for attracting new online consumers in those markets, as shown in the **last edition of Beyond Borders**. According to EBANX internal data, around 60% of new online customers in Peru used a debit card for their first purchase. In Mexico, this share reached 55%.

The market numbers also reveal untapped opportunities, such as Egypt and India, where the vast majority of cards issued are debit –and where debit cards have a minor share of online sales.

However, the future of debit cards in digital commerce can be uncertain. If faced with more affordable and user-friendly alternatives, like Pix in Brazil, PSE in Colombia, or even cash payments in some markets, debit cards could lose market share and relevance among account owners.

“If I have a good user experience paying directly with my bank account, whether through an instant payment or an account-based transfer, and if these are widely accepted by merchants, debit has no other reason to exist,” comments Lehr, from PCMI. According to Lehr, debit card volume shouldn't grow significantly in the upcoming years, unless there is a radical change in the payment ecosystem.

CARD PERFORMANCE AND THE CHALLENGE OF RETRIES IN RISING MARKETS

The potential for card-based businesses in rising markets is undeniably growing, yet it comes with its own challenges. Handling card transactions in those economies involves more than just coverage: **optimizing transaction performance is crucial to safeguard business revenue and secure growth.**

This requires fundamental steps, such as fostering strong ties with the local card ecosystem and deeply understanding consumer habits and preferences.

“It can be really challenging for merchants to understand what is a safe card transaction in emerging economies,” says Andy McHale, Senior Director of Product and Market Strategy at Spreedly. “The consumer behavior is different, the shopping experience can be different. Local expertise plays a key role.”

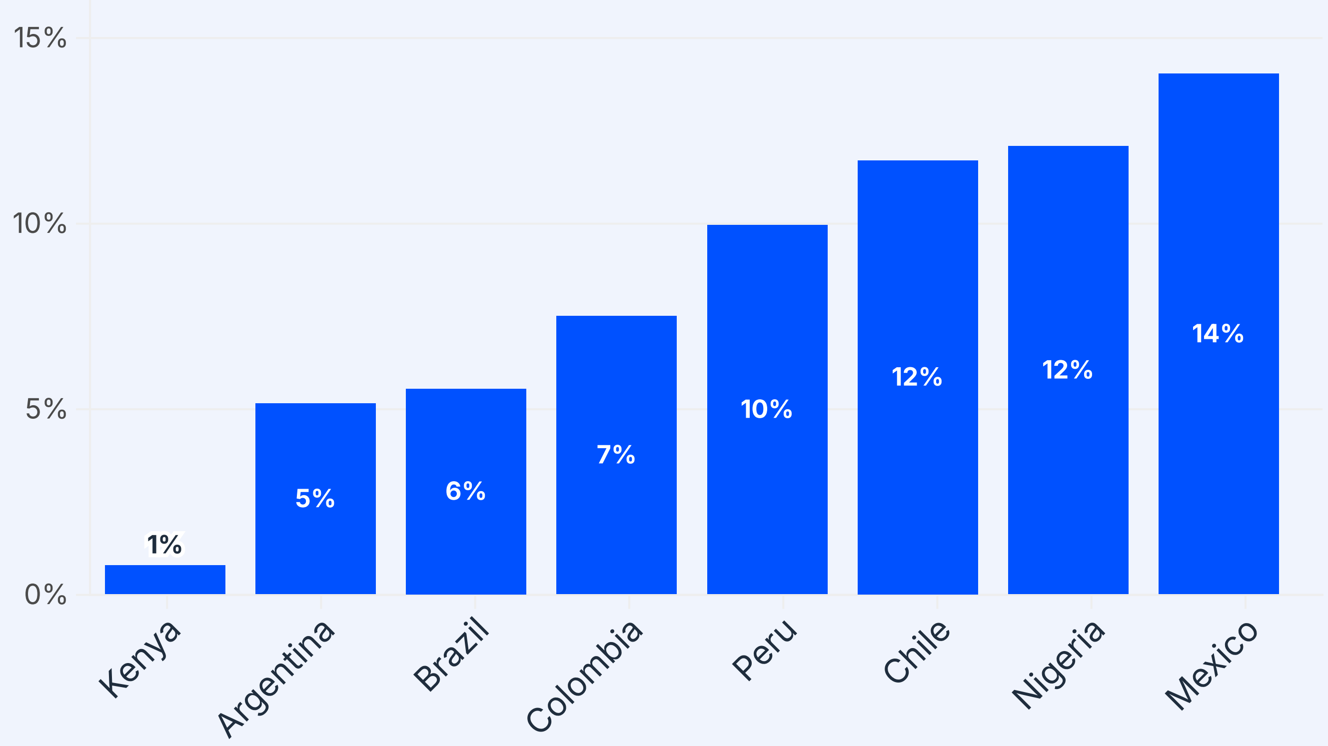
Companies can adopt different strategic approaches to enhance the effectiveness of every transaction and safeguard performance. One of the most effective—while also quite challenging—is **retry attempts**, which involve re-processing a card transaction initially denied by the issuer.

Currently, about 8% of all EBANX card transactions are retries, considering both merchant- and customer-initiated transactions (or, in other words, recurring and non-recurring transactions). In Mexico and Nigeria, retry rates are the highest, at 14% and 12%, respectively, in two particularly challenging markets.

A smart retry strategy can enhance card performance in rising markets

At EBANX, about 8% of total card transactions are second attempts

card retries, in % of all card transactions



Source: EBANX internal data, 2023 and 2024

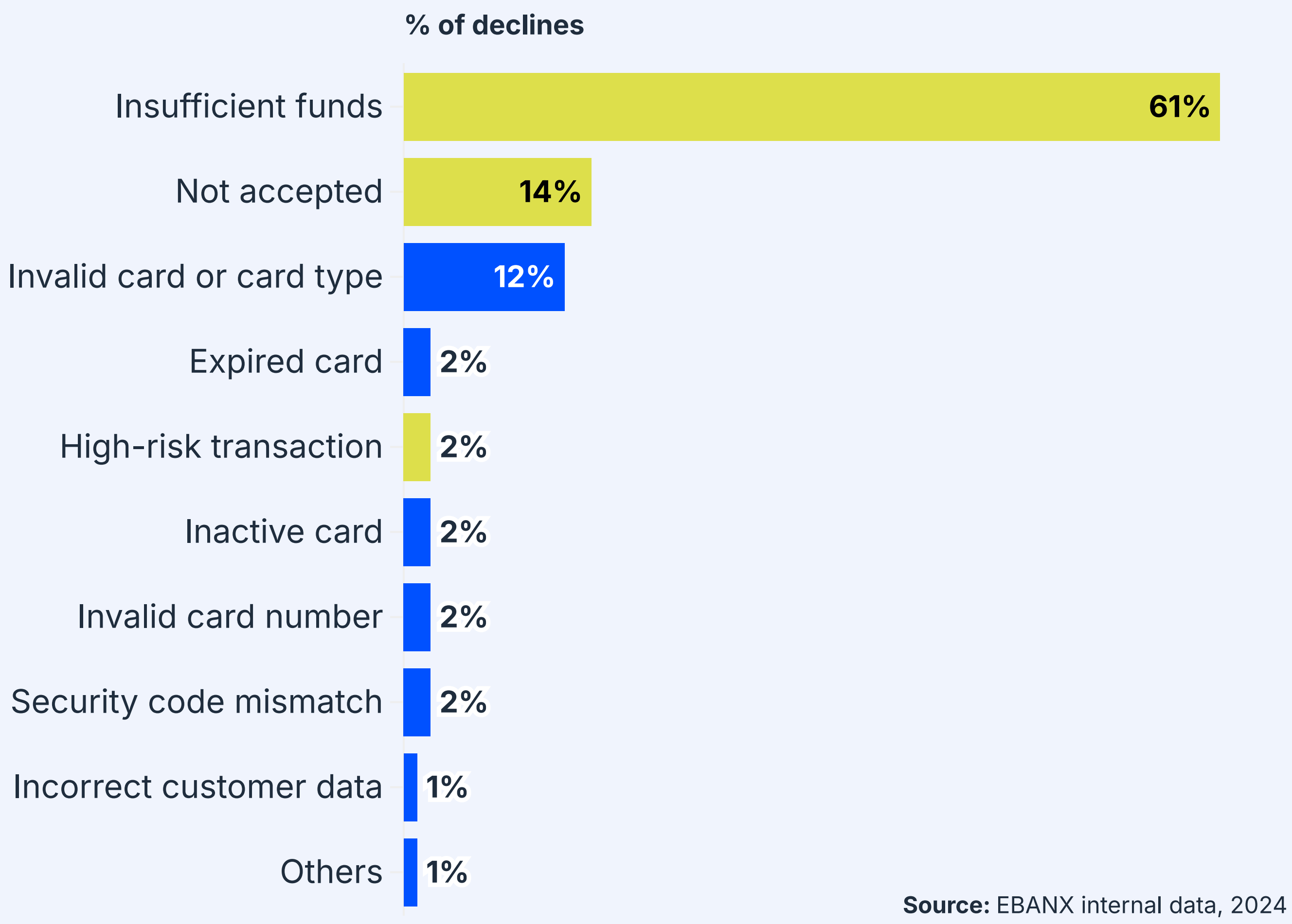
EBANX

More importantly, according to EBANX internal data, **approximately 80% of declined card transactions in emerging markets are retriable**. This encompasses declines due to insufficient funds, “not accepted” (when the card issuer declines the transaction at its discretion, based on the customer's purchasing behavior, ticket value, location, and other factors), and high-risk transactions.

Around 80% of declines in card transactions are retriable

Knowing your customer behavior and adopting advanced card strategies, such as card verification and trusted MID, can address most decline reasons

in yellow: retriable declines



Source: EBANX internal data, 2024

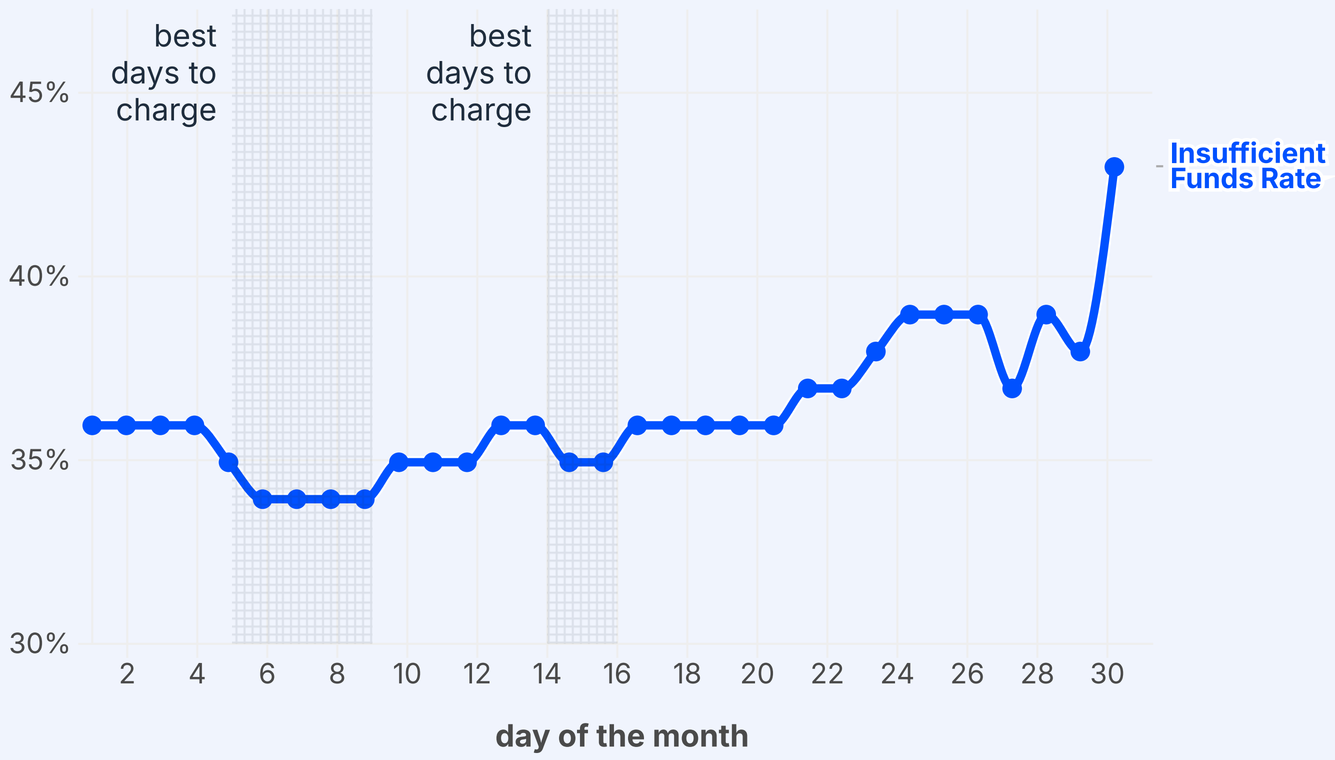
The big challenge in retrying is getting the most out of those potentially retriable transactions. To begin with, companies need to **know their customers and market behavior** to better orient their clients to try again without incurring suspicious behavior, which can lead to new declines—or, in the case of recurring transactions, understand the best time or day of the month for charging.

"You need to segregate your strategy behind the payment," says Arthur Queiroz, Strategic Accounts Performance Manager at EBANX. "You cannot put Mexico and Brazil in the same retry strategy as Chile or Colombia. You need to understand the reasons for declines, especially insufficient funds, which represent the vast majority of them."

First things first: know your customer

Knowing the best days to bill, according to the most common paydays in each country, is crucial for avoiding insufficient funds

% of insufficient funds of all card declines



Source: EBANX internal data, 2024 • Share of insufficient funds for recurring merchants, considering 7 countries in LatAm.

EBANX

In Latin America, for instance, most people get their salaries once a month, typically in the first days, so the rise in claims of insufficient funds at the end of the month has an apparent motive. For recurring merchants, this brings some "windows of opportunity" as the best days to charge and retry transactions – usually at the beginning or middle of the month.

Knowing the best time to bill is also important for recurring businesses since most issuers and acquirers perform system maintenance between midnight and 5 a.m., local time. Companies should observe this so as not to jeopardize their retry strategy.

To address “not accepted” transactions, which are denied at the issuer's discretion, **advanced card capabilities can provide issuers and acquirers with more high-quality and detailed information about the transaction**, ultimately leading to better approval rates for both MIT (merchant-initiated transactions) and CIT (customer-initiated transactions).

Card Verify, for instance, is a powerful tool for ensuring the card is valid before submitting the transaction, while **Network Tokens** can make transactions safer and streamlined, improving approval rates. **Card on File** flags provide issuers with deeper transaction insights, refining authorization logic, fraud detection, and dispute management.

A key way to shield the approvals is implementing **Trusted MID** (Merchant Identification) channels, that route transactions through verified channels. These channels are made for each seller with mutual agreement between the issuer and the payment provider, making the rules more flexible for trustworthy customers.

According to EBANX internal data, this strategy has the highest impact on approval rates for credit card transactions, increasing approvals by an average of 5 percentage points.

Working with a multi-acquirer infrastructure in each market also ensures that every feature is available, delivering seamless service continuity, and optimizing transaction success rates. This is particularly crucial in emerging markets, where much of the card industry is still not equipped with advanced card capabilities. The technological landscape in these regions is uneven, with varying levels of infrastructure and service offerings.

Therefore, connecting with multiple partners and acquirers is essential to guarantee the availability of all these features, regardless of any single provider's technological readiness.

WHAT IS NEXT

What issuers and card networks are doing to push online card usage

To ensure its continued relevance, the card industry is implementing several strategies to further advance the online purchasing experience –whether through robust security measures, better user experience, or partnerships with rising market players, as numerous experts in this study highlighted.

First, issuers and networks strive to make online card usage as smooth and appealing as possible by **improving user experience, such as simplifying checkout processes or integrating biometric authentication.**

“The challenge lies in enhancing the user experience and minimizing friction, all while maintaining robust security measures—a delicate balance that card brands and issuers must master to stay competitive," states André Peixoto, Director of Operations at EBANX.

Peixoto specifically highlights **fingerprint or facial authentication during payment** as a promising technology that can enhance user experience while ensuring the safety and security of transactions. He also emphasizes the role of **click-to-pay technology** in reducing the number of clicks needed to complete a purchase, thereby improving convenience and efficiency.

“The challenge lies in enhancing the user experience and minimizing friction, all while maintaining robust security measures—a delicate balance that card brands and issuers must master to stay competitive”

André Peixoto
Director of Operations at EBANX

“**Click-to-pay** has been the card industry's response to instant payments,” says Lehr, from PCMI. “Basically, your card is tokenized and saved. It's been introduced in Latin America, but it hasn't really scaled yet.”

On the other end of card processing, merchant settlement is also seeing a push for instantaneity. Eduardo de Abreu, Vice President of Product at EBANX, highlights an example from **Mastercard and its pilot program in South Africa**. For the first time in the country, merchants accepting card payments will have **same-day settlement—an initiative to improve business cash flow management.**

Abreu comments, “Cards and networks will increasingly focus on improving solutions to align with the instant payment trend—not just for processing transactions but also for facilitating faster settlement.” Although card payment is confirmed instantly, merchant settlement takes a couple of days or even weeks, depending on the country or the issuer. This shift reflects the growing demand for speed and efficiency in card payments while maintaining reliability.

The payment expert also underscores the evolution of **security technology** and cites **tokenization** as a crucial element in reducing fraud risk without compromising approval rates. “Usually, those are opposing forces—the higher your conversion rate, the greater the potential for chargebacks. This creates a dilemma that can be addressed by new features such as Network Tokens and **Data only**. However, readiness will vary significantly from market to market.”

From a more institutional perspective, Lindsay Lehr from PCMI notes that networks like Visa and Mastercard are **forging partnerships with major digital players like Google, Apple, digital wallets, and mobile money providers** to adapt to the digital-first ecosystem.

At the same time, most issuers in emerging markets are **embracing “coopetition” with instant payments**, which they see as a way to build customer engagement and loyalty. "Surprisingly, they're not concerned about losing interchange revenue," Lehr says. "Their priority is retaining deposits and ensuring they don’t lose customers to alternative platforms."

Juliana Etcheverry, Director of Country Growth – Latin America at EBANX, highlights additional initiatives by card companies—including fintech and traditional issuers—to boost card usage: the **strategic use of data to offer personalized financial products and services** tailored to individual consumer behaviors.

"Analyzing consumer spending patterns, purchase locations, and shopping frequencies enables the creation of customized offerings," she notes. "This personalization encourages increased card usage."

In conclusion, all initiatives are meant to meet the growing demands of digital consumers in emerging economies, in an increasingly competitive landscape. These efforts aim to foster consumer trust while embracing the instant payment trend. Cards continue to adapt, ensuring their relevance in the ever-changing world of digital commerce.

PAYMENTS ARE DRIVING COMPANIES' FINANCIAL INCLUSION AND B2B E-COMMERCE IN EMERGING MARKETS

In a nutshell

- Local, digital, and alternative payment methods are driving B2B e-commerce growth by facilitating faster money transfers and including more businesses in digital trade.
- Instant payments lead the way: EBANX internal data reveals a strong preference for instant payments in B2B transactions, with Pix accounting for 51% of B2B sales in Brazil and account-based transfers being successfully used for B2B in other Latin American and African markets.
- Corporate credit cards also have a niche for online B2B purchases: recurring and low-ticket transactions. Cards account for the majority of sales for SaaS, social media, and digital services in Brazil, with over 50% of the volume in the past two years.

The uptake: Alternative Payment Methods, particularly instant transfers, are revolutionizing B2B digital commerce by offering faster settlement times and broader accessibility, while the industry shifts towards holistic, digital-first solutions tailored to business needs.

Like consumers, companies in rising markets have embarked on a digital transformation journey over the past years. As more consumers access digital payments, more businesses accept and use them. In practice, **payments have been enablers for businesses' digital and financial inclusion, especially in emerging markets.**

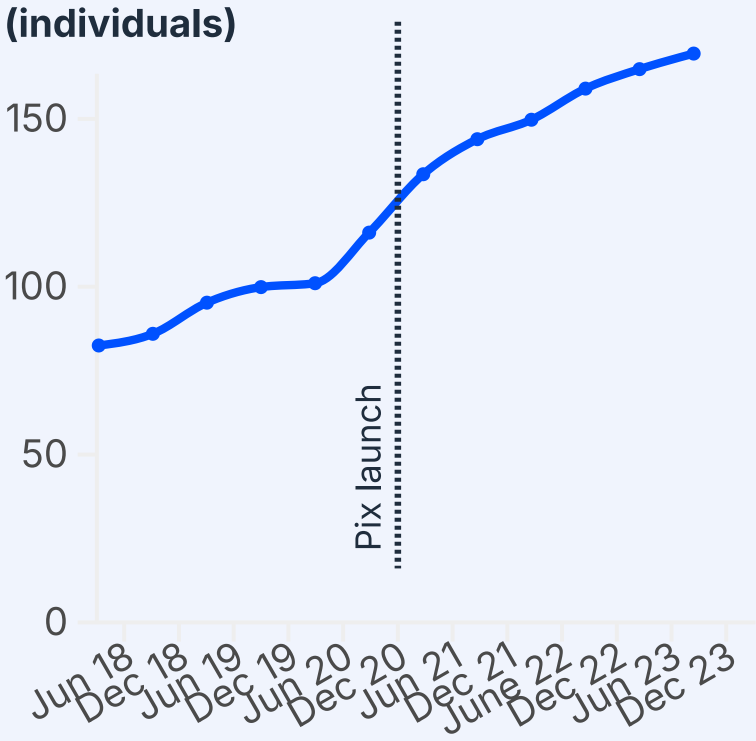
Take Brazil, for instance. Since the introduction of Pix, the instant payment method used by 90% of adults in the country, there has been a stunning financial inclusion of businesses. The number of companies with active financial services has increased 3.4 times in a five-year period, from 2018 to 2023, with a steeper curve from the end of 2020, when Pix was launched.

A study by the Central Bank has made it clear that **payments, particularly Pix, were the key drivers of this shift**, with companies moving from a credit-based relationship with the financial system to a payment-based one.

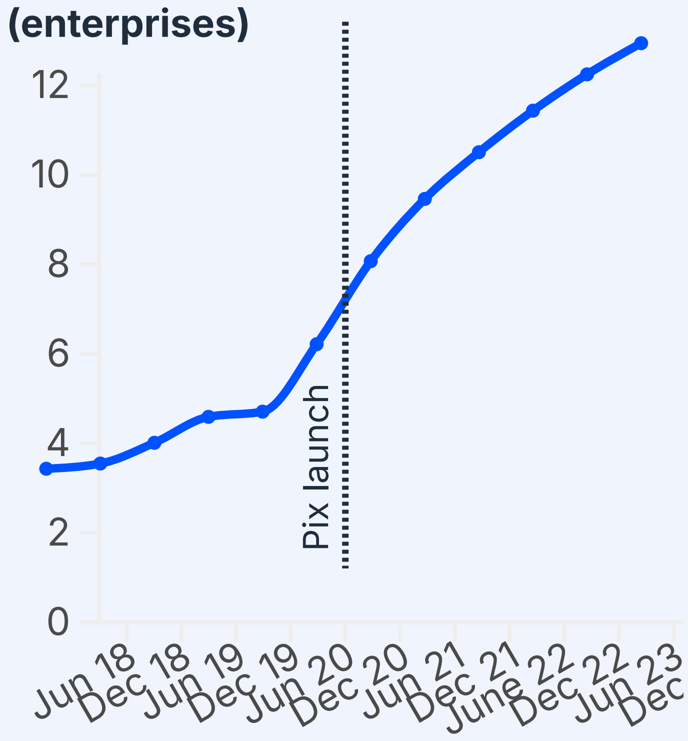
Pix has accelerated financial inclusion in Brazil, especially for businesses

The number of active users of financial services has grown more significantly among businesses than individuals

Evolution of active customers (individuals)



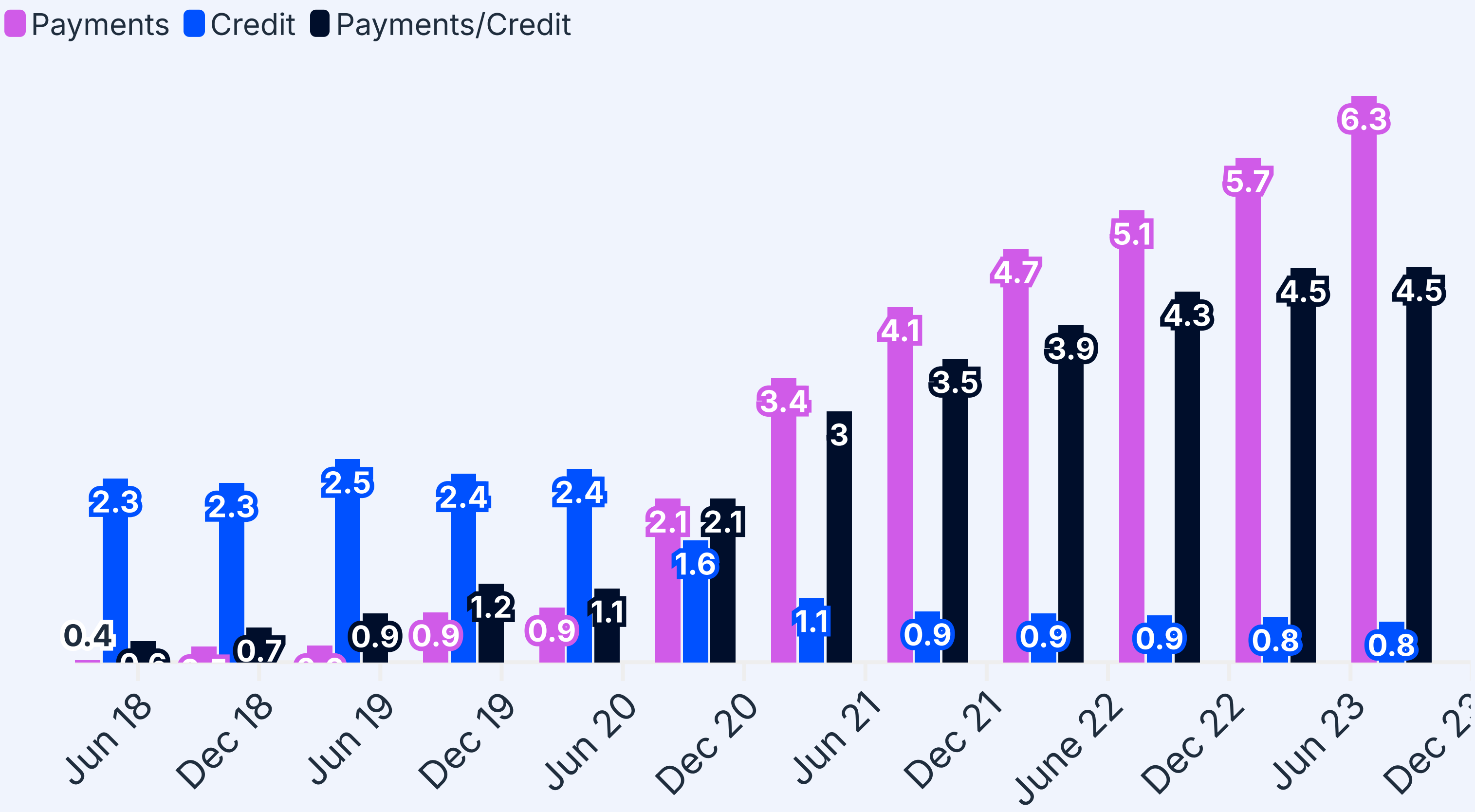
Evolution of active customers (enterprises)



Source: Central Bank of Brazil, 2024

Payments are now the top financial service used by companies in Brazil – largely ahead of credit

Evolution of active customers (enterprises), in million



Source: Central Bank of Brazil, 2024

12M businesses

are active users of financial services in Brazil, a number that has increased exponentially after Pix

According to Leandro Carmo, Brazil Regional Director at EBANX, Pix plays a key role in the financial inclusion of companies in the country, especially SMBs (Small and Medium Businesses), largely due to its impact on cash flow. "Pix payments are processed the next day, while credit card payments can take up to 30 days. This quicker payment cycle helps small businesses avoid cash flow problems and keep their finances in better shape."

It is no coincidence that Pix evolved from being a predominantly P2P (person-to-person) instrument to having **almost 60% of its transaction value directed to a business**, which includes informal companies and microentrepreneurs, according to a recent Central Bank study. Moreover, of all Pix volume, **45% is B2B (business-to-business)**.

60%

of all Pix volume in Brazil is directed to a business, and 45% is B2B

In **Mexico**, where instant payments are yet to take off, a recent study from the Ministry of Finance showed that **60% of companies pay online**. "One of the most consistent findings in this survey has been the progress of digitization in all aspects of business management, which was reflected in the use of digital payment methods," reads the report.

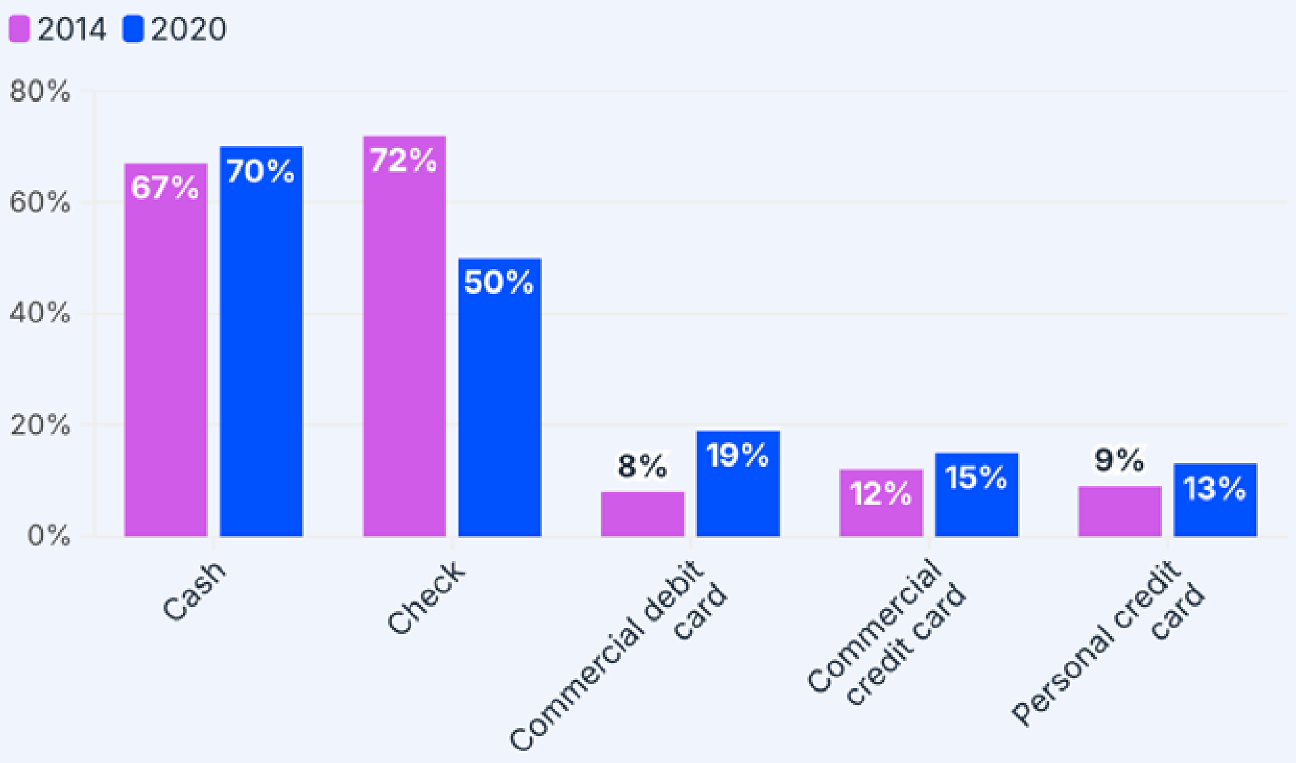
Contrary to what happened in Brazil, though, cards had the edge in promoting digital payments in Mexico. **Debit cards are the most used digital payment method by companies in the country, jumping from 8% penetration in 2014 to 19% in 2020**. Credit cards come next, with 15% penetration.

It seems counterintuitive, as Mexico is one of the Latin American markets with the largest unbanked population and where cash still reigns. But digital banks and fintech companies have been flocking to the country for this untapped opportunity, with companies like **Nubank, DiDi, and Mercado Pago fighting to gain market share**.

Debit card penetration has doubled among companies in Mexico

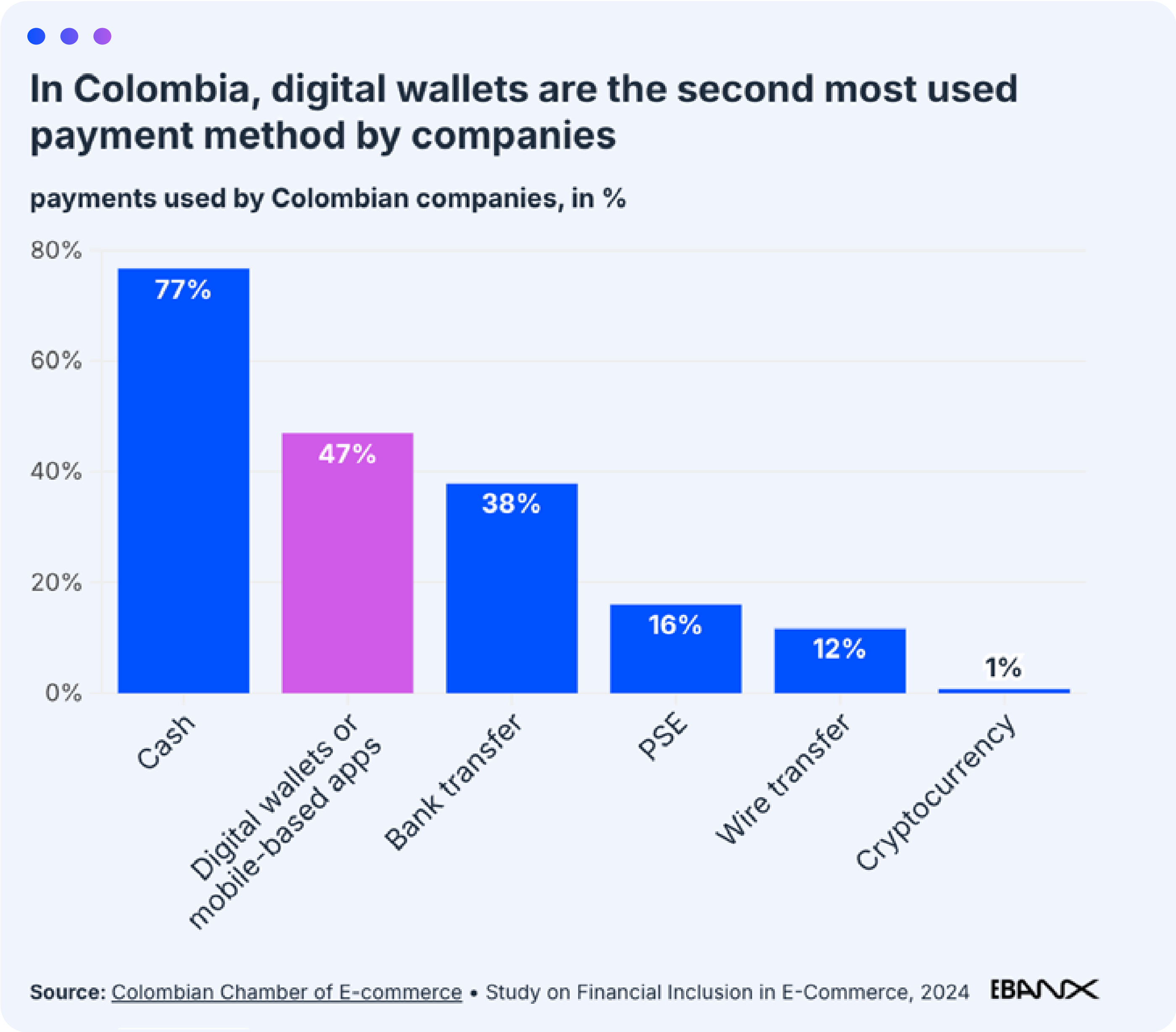
Cash still has the absolute preference, with 70% adoption

payments used by Mexican companies, in %



Source: Mexico's Ministry of Finance • Data from Enafin, 2021

In **Colombia**, another cash-based economy, cash is still the number one payment choice among businesses, just like in Mexico, but **digital wallets are the second most used payment method by companies**, per a recent national survey. Mobile phones are the main channel for firms to make digital payments, with 87% penetration.



As a result, more Colombian firms **declared** having accounts within a fintech company (67%), such as Nequi, Daviplata, or Rappi Pay, rather than with traditional banks (52%).

67%

More Colombian companies have accounts within a fintech company (67%) rather than with traditional banks (52%)

This is common ground among emerging markets: **companies' financial inclusion has been led by digital-first players**, who are challenging incumbent banks and other traditional financial institutions. In Brazil, these players led the adoption curve of digital payments among businesses, surpassing incumbent banks in the number of active users by the end of 2023.

This is also what happened in **Egypt**, where Fawry, a fintech company founded in 2008, leveraged its payment acceptance services to start including businesses in the financial sector. The company was born as a payment collection service, offering solutions for cash payments and POS machines. From there, Fawry evolved to merchant credit and banking services, among other financial products, representing **17% of the company's revenue**.

The company's **latest financial report** stresses its "commitment to delivering cutting-edge technology and adaptable solutions, addressing the financial needs of SMEs in Egypt."

"Trust is everything for consumers and micro-merchants who feel large banks don't care about them [...] Fawry wants to be the bank that appeals to the masses," reads a **recent analysis by Stears**, an Africa-based market intelligence agency.

By building trust through accessible and reliable payment systems, Fawry is not only helping to bridge the financial gap for underserved businesses in Egypt but also driving the growth of digital and B2B e-commerce in the region.

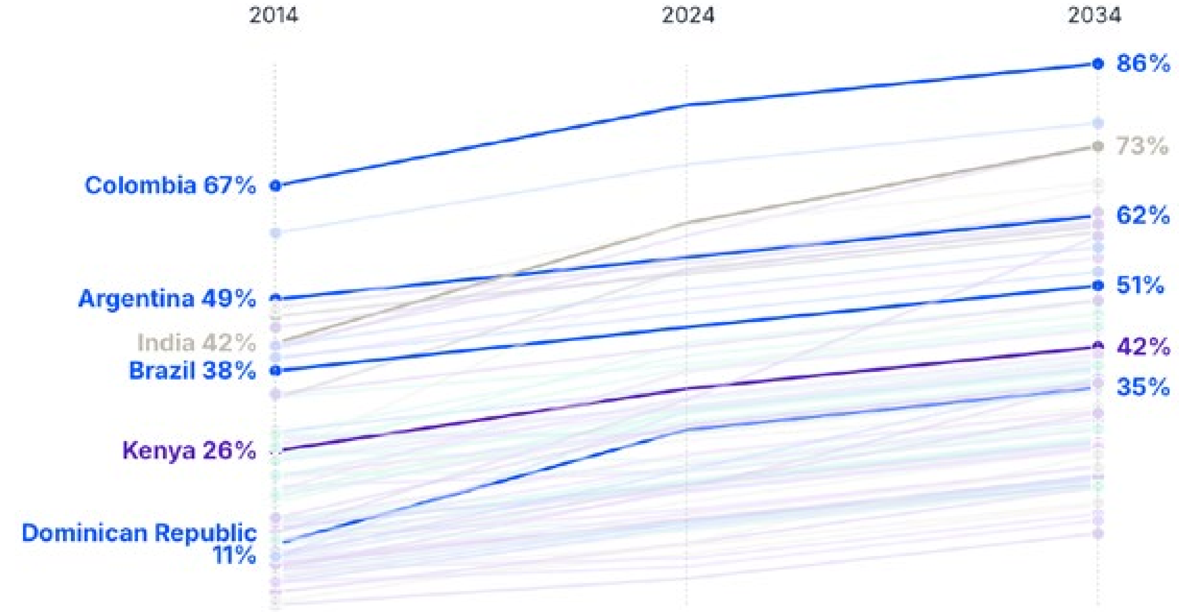
COMPANIES IN EMERGING MARKETS ARE READY FOR E-COMMERCE

With companies' financial and digital inclusion, it is safe to say that **businesses in emerging markets are ready for the next level of digitization: B2B e-commerce**.

Currently, more companies worldwide buy online than sell online. This is especially true in Latin America, where digital payments for companies have lower costs, high uptake, and lower settlement times than the global average, according to the World Bank's Business Ready report.

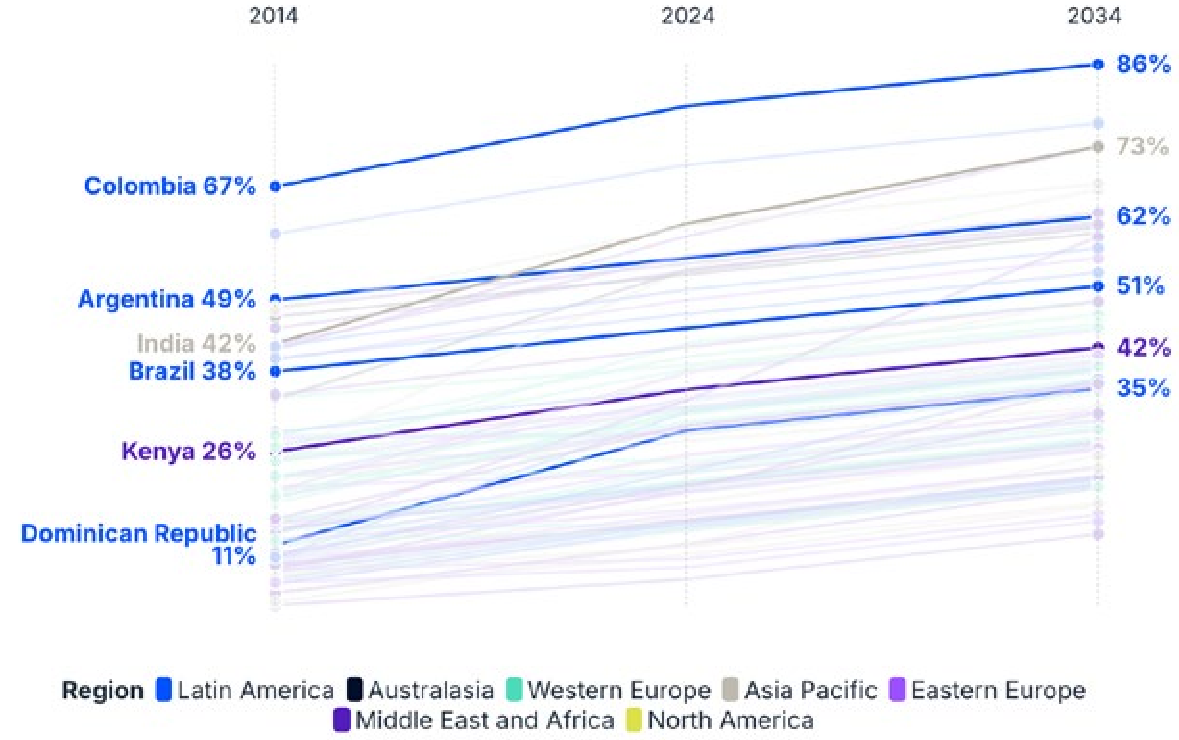
Companies are selling online more often...

businesses selling online, in %



...but mostly, buying online.

businesses selling online, in %



Source: Euromonitor International, 2023

EBANX

It is no coincidence that a recent study by the IADB focused on the Southern Cone of Latin America (Brazil, Argentina, Chile, Uruguay, and Paraguay) shows that the [usage of B2B marketplaces and contractor platforms] such as Alibaba, Fiverr, Upwork, and eWorldTrade has doubled in the region since 2020, with 40% to 60% of firms declaring to have used them.

"Those in B2B sales who think it's optional to invest more in e-commerce are mistaken. It's become the leading sales channel in revenue generation, usage, effectiveness, and investment," reads the most recent [McKinsey B2B Pulse Survey]. As per the report, which surveyed 4,000 firms in 13 countries (including Brazil, Chile, and India), online sales are now the leading revenue channel among B2B companies, dethroning in-person sales and being responsible for 34% of revenue.

34%

of sales from B2B companies are online, per McKinsey B2B Pulse Survey

Cross-border e-commerce is a particular area of interest for B2B buyers in emerging markets, as it allows them to diversify their supply chain. "Firms that use e-commerce intensively have also been particularly likely to diversify their import markets, [...] to diversify vendors and manage supply chain shocks," reads the IADB study. According to the document, firms that have diversified their vendors outperformed those that didn't, "possibly signaling that the supplier diversification has translated into greater resilience."

PAYMENTS –MOSTLY ALTERNATIVE– ARE UNLOCKING B2B E-COMMERCE IN EMERGING MARKETS

In emerging markets, payments play a crucial role in driving the adoption of B2B e-commerce—just as they are key to advancing businesses' financial and digital inclusion.

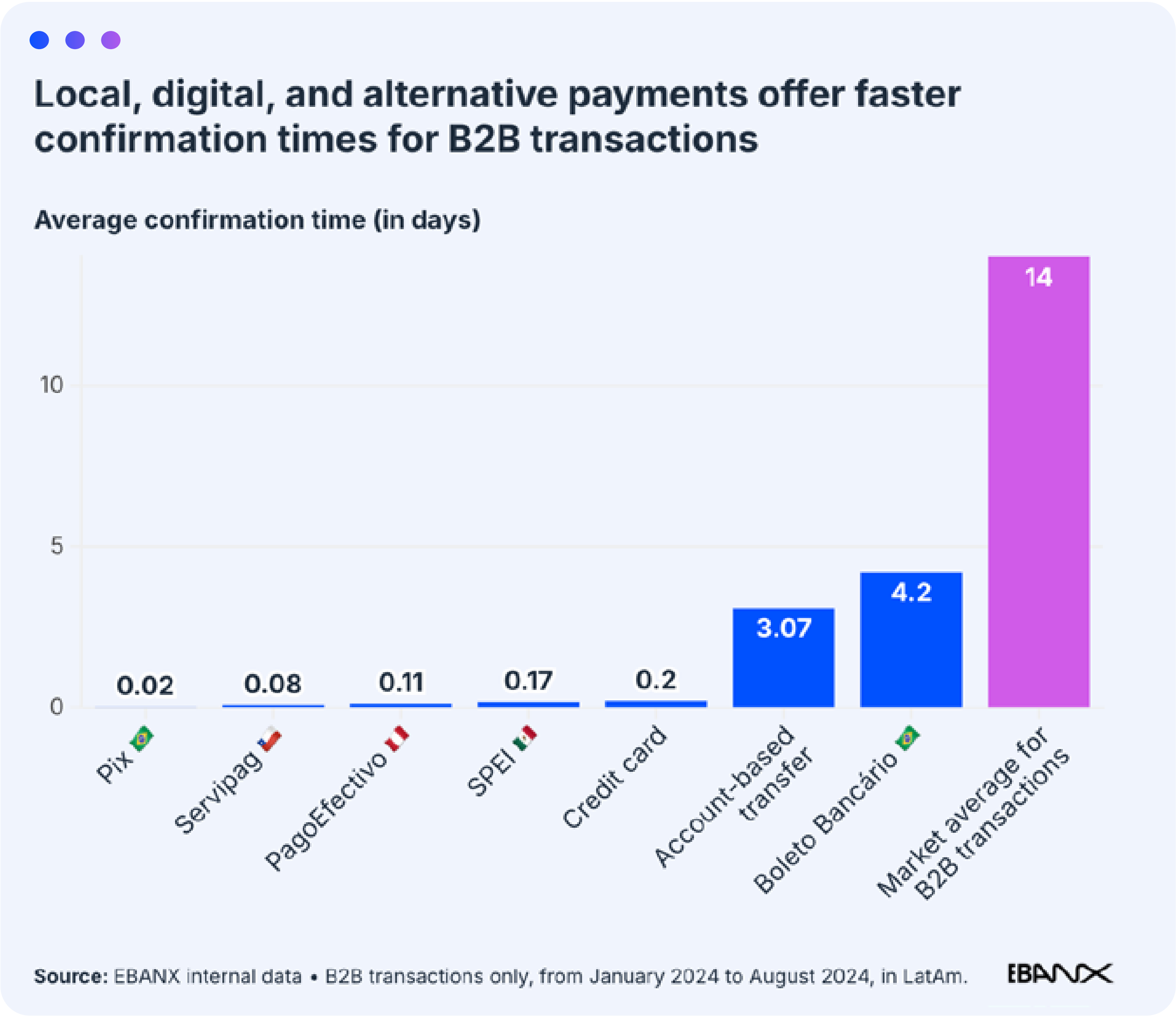
"Here, we are talking mostly about local, digital, and alternative payment methods, like Pix or account-based transfers. These are the payments that are unlocking B2B e-commerce," says Leandro Carmo, Brazil Regional Director at EBANX.

> **"Local, digital, and alternative payment methods are unlocking B2B e-commerce in emerging markets."**
>
> **Leandro Carmo**
> Brazil Regional Director at EBANX

Ultimately, offering alternative payments for B2B transactions is about bringing more money to the table: APMs are usually more widespread than credit cards among the general public, which makes them the obvious choice for businesses wanting to buy online.

According to Carmo, APMs' fast settlement times and high penetration rates are the top reasons for their adoption in B2B transactions. Thanks to those characteristics, they are including more businesses in the digital trade, particularly SMBs.

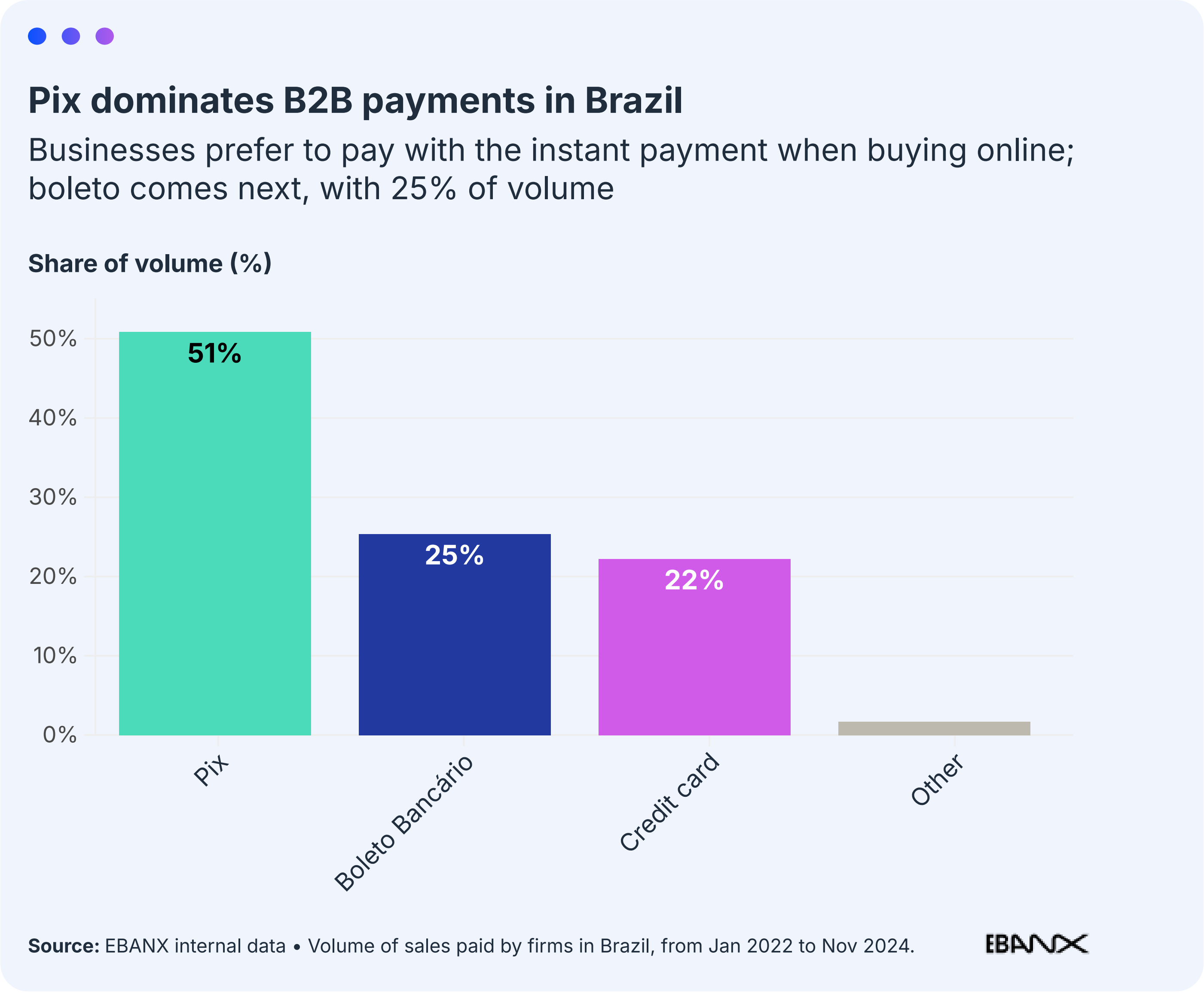
According to internal data from EBANX, alternative payments offer much faster transactions than the average for legacy B2B payments: confirmation time can be as low as 30 minutes with Pix (in Brazil) and 4 hours with SPEI (in Mexico).



"Pix or other instant payment rails are really interesting for B2B payments because you don't have to wait for settlement in the banking rails," says Andy McHale, Senior Director of Product and Market Strategy at Spreedly, an open payments platform. "In an instant payment rail, the transfer is only done if there's money there, and the receiver gets it right away." It streamlines reconciliation and reduces manual intervention while improving cash flow for both parties.

In markets where instant payments are not yet widespread, account-based transfers are the go-to payment method for B2B purchases, especially for higher-ticket transactions.

An analysis based on internal data from EBANX corroborates the high preference for alternative and instant payments for B2B purchases. **In Brazil, 51% of B2B sales were paid with Pix.** In other markets in Latin America and Africa, account-based transfers, such as Debin in Argentina and Ozow in South Africa, have also been successfully used as B2B payment methods.



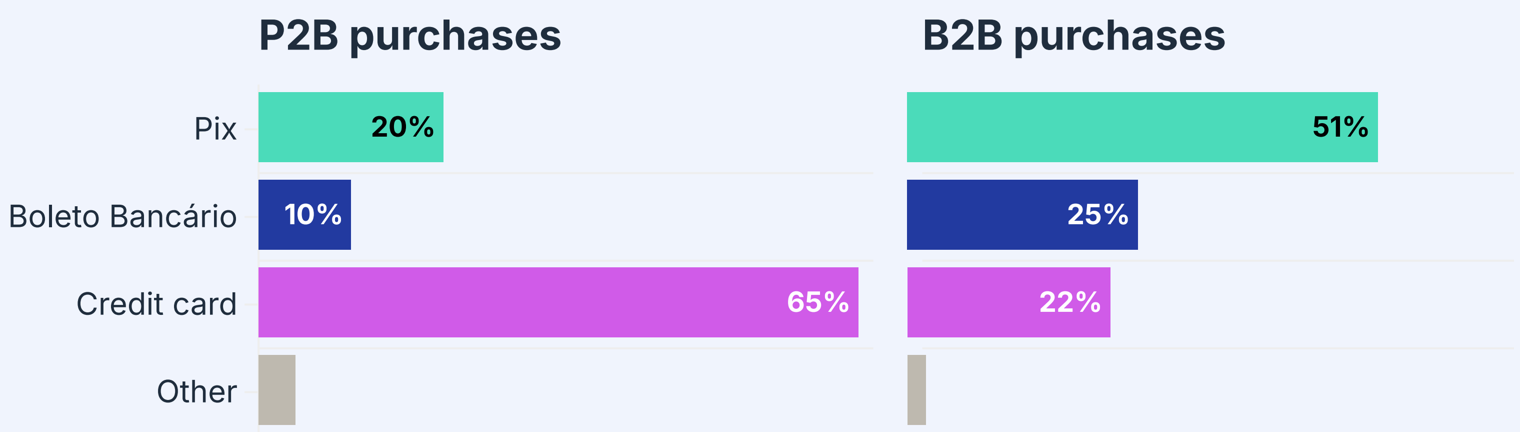
“It's always an A2A transfer because nothing else supports the transaction limits,” says Wiza Jalakasi, Director of Africa Market Expansion at EBANX. “In addition, they are cheaper in terms of transaction fees when compared to cards.”

There's a stark difference between B2B and P2B purchases. In Brazil, for instance, credit cards are the number one payment method for personal online purchases, with 65% of sales over the past two years, according to EBANX internal data. In Latin American countries, credit and debit cards dominate consumer preferences, each representing 35% of sales volume.

Payment methods that account for a significant share of B2B purchases, such as Boleto Bancário in Brazil or account-based transfers in Latin America, have much smaller shares of P2B purchases.

Cards lead among individual online shoppers in Brazil – but companies prefer alternative payments

share of online sales, in %



Source: EBANX internal data • Volume processed by EBANX in Brazil from Jan 2022 to Nov 2024.
P2B: person-to-business. **B2B:** business-to-business.

“Account-based transfers might not have the best user experience for an online transaction, but they are secure and enable high-value payments in a more efficient way for B2B operations,” says Juliana Etcheverry, Director of Country Growth – Latin America at EBANX.

McHale from Spreedly highlights the security aspect of these alternative payments. “For most of them, there is a built-in safety feature. Payments must be authenticated, and customers need to log in and provide credentials to even send a payment in the first place. It's not like someone can just steal your bank account number and initiate transactions.”

“For most alternative payments, there is a built-in safety feature. Payments must be authenticated, and customers need to log in and provide credentials to even send a payment in the first place.”

Andy McHale
Senior Director of Product and Market Strategy at Spreedly

This is what happens with Instant EFTs (Electronic Funds Transfers) in South Africa or account-based transfers in Latin America, for instance, where nearly every transaction requests a PIN or user login to be confirmed. For some other relevant B2B payments, such as Boleto Bancário in Brazil, payments are made through online banking or even in-person at ATMs or bank counters.

In other words, transactions with most alternative payment methods can be considered "chargeback-free" since they usually require a layer of authentication and personal authorization to be completed—which suits the flow of a B2B transaction well.

"In the end, building trust and ensuring security is essential for merchants to adopt digital payment solutions," says Karim Elbaz, Director for MENA at EBANX. For him, as emerging digital payments become integral to daily business operations, similar to Pix in Brazil and digital wallets in Colombia, companies will develop increased trust, accelerating the digitization of B2B purchasing.

SUCCESS STORY

How alternative payments unlocked cross-border trade for small businesses in Latin America

Small and medium-sized businesses (SMBs) face several challenges when engaging in cross-border trade, and payments are one of them. Traditional payment solutions do not meet these companies' specific needs, requiring specialized teams to deal with high-value transactions, payment confirmation, and reconciliation. This leads to inefficiencies and the loss of business opportunities.

To overcome these challenges, a B2B company based in Asia has partnered with EBANX to integrate alternative payment methods—such as electronic transfers, account-based transfers, digital wallets, cash payments, and Pix— and local card payments. Their request was to simplify cross-border trade and expand their market reach, aligning with local preferences and requirements.

Over the past year, **the company has reached more than 14,000 clients in Brazil, Chile, Colombia, Mexico, and Peru, with 4,000 of these clients (30%) buying from them for the first time.**

Moreover, **over 75% of transactions were processed using alternative payment methods**, reflecting strong alignment with regional payment preferences.

THE B2B NICHE FOR CREDIT CARDS:

Low-ticket and recurring online purchases

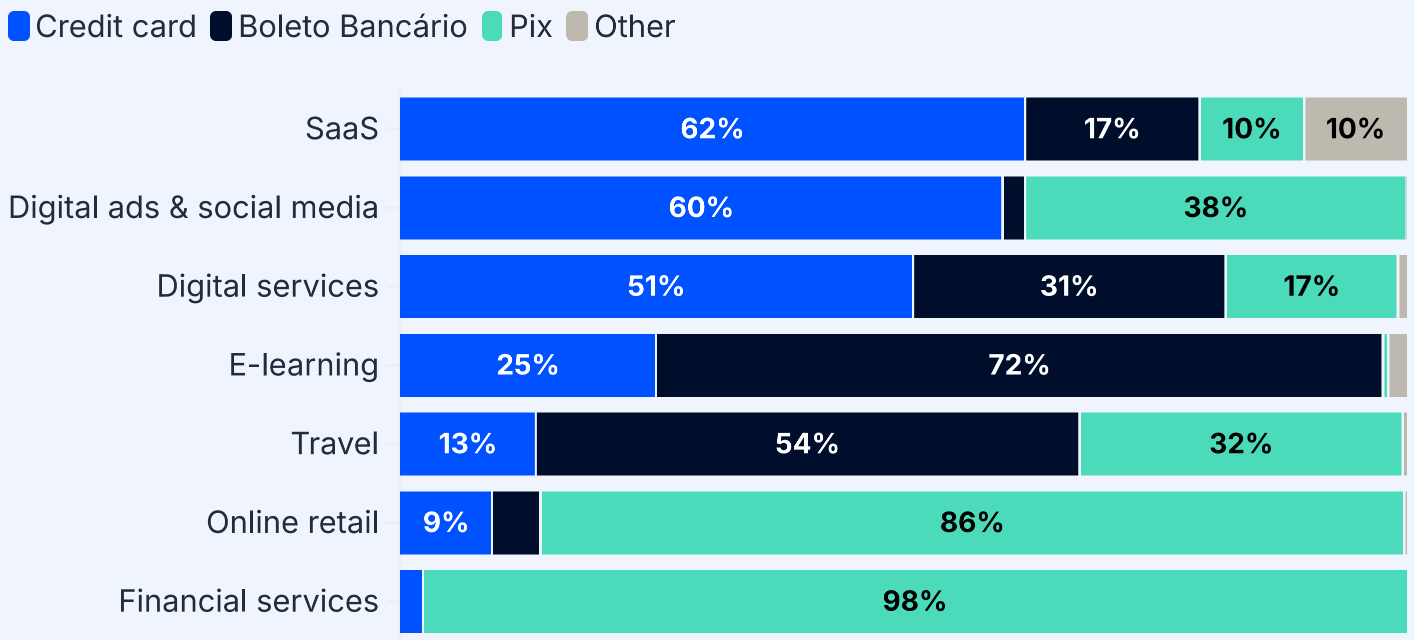
Despite the dominance of alternative payments, **credit cards also have their niche for online B2B purchases: recurring and low-ticket transactions.**

"This is where cards find their optimal market opportunity for B2B purchases. Cards offer an unparalleled user experience for recurring and digital purchases, which makes them the number one choice for businesses buying software or other digital services," says André Peixoto, Director of Operations at EBANX.

Indeed, EBANX internal data shows that **cards account for the majority of B2B sales for SaaS, social media, and digital services in Brazil, with over 50% of the volume in the past two years.** These verticals have an average ticket of around USD 100—only 10% of the average purchase value for other B2B purchases.

For recurring and low-ticket B2B transactions, cards are the preferred payment method

share of B2B online sales in Brazil (%)



Source: EBANX internal data • B2B volume processed in Brazil, from January 2022 to November 2024. **Average ticket value** for SaaS, digital ads & social media, and digital services verticals: USD 100. Average ticket for other B2B verticals: USD 1,000.

EBANX

Of course, using credit cards for B2B purchases faces challenges due to their low ownership rate among the overall population in emerging markets, which can be as low as 2% in Nigeria and Indonesia, and 11% in Mexico, **per the World Bank Global Findex**. However, as companies become digitized and financially included, card issuers see this as an opportunity to grow commercial card penetration, especially among SMBs.

According to Lindsay Lehr, Managing Director at PCMI (Payments and Commerce Market Intelligence), **commercial card offerings, which typically include travel insurance or corporate benefits, are increasingly shifting to allow access to digital subscriptions** such as Office 365, Slack, Canva, Facebook Ads, and other digital services needed by SMBs.

"There's a transformation of how commercial cards are being used by small businesses. At the end of the day, cards are still the best payment method for digital services today," says Lehr.

Credit card spending can also be an important source of financing for SMBs. In Brazil, according to **official data from the Central Bank**, credit cards represent around 12% of all credit obtained by micro and small-sized companies. This makes them the 3rd largest source of credit for SMBs in the country.

Enterprise companies can also benefit from credit card spending. “For large companies, cards bring the ability to manage cash flow more effectively, with different settlement times, more sophisticated reward or loyalty programs,” says Etcheverry from EBANX.

A recent report by Euromonitor International highlighted **the importance of reward programs for cards** to compete with other electronic B2B payments, which currently represent 71% of B2B spending worldwide.

The study recommends card strategies tailored to merchant size and that include value-added services, such as virtual card issuance, individual spending control, or **multicurrency cards** to avoid high FX fees.

GOING BEYOND B2B PAYMENTS

Invoicing, reconciliation, and visibility

Although offering the right payment method is essential for a company to reach its target B2B customer, it is also true that **the payment itself is just the beginning.**

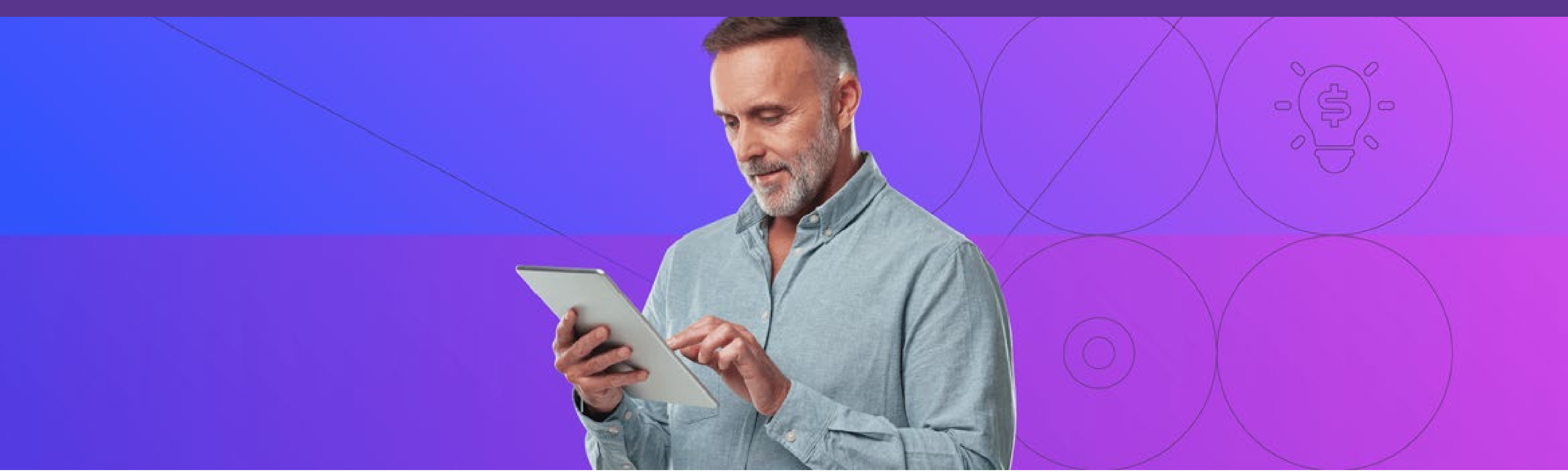
“In most emerging markets, the payment method is only the first of your worries,” says Wiza Jalakasi, Director of Africa Market Expansion at EBANX. To start with, all B2B transactions must be tied to an invoice –and, especially in the case of physical goods, other documentation will be required. This can include import licenses, customs declarations, regulatory compliance documents, and KYC (Know Your Customer) paperwork, among others.

“In some countries, there are very strong reporting requirements from the authorities. If you are a global vendor, you must make it fit into the existing local frameworks, whether it's compliance, taxes, or customs; otherwise, you'll get a lot of friction,” stresses Jalakasi.

> **“The payment method is only the first of your worries. You must fit into all the local requirements; otherwise, you'll get a lot of friction.”**
>
> **Wiza Jalakasi**
> Director of Africa Market Expansion at EBANX

This is where another big pain point of the B2B procurement cycle comes into action: payment delays. “Today, there are many, many manual processes. These are time-consuming, prone to errors, and problematic,” says Etcheverry, from EBANX. The lack of visibility of all the steps into the B2B procurement cycle leads to payment delays, which have a significant impact on cash flow and can jeopardize business relationships.

“Digital B2B payments become much easier when you have a platform where you can see all your invoices, reconciliation reports, and documentation needed,” says Lehr, from PCMI. Local expertise is crucial for this to happen seamlessly, as B2B vendors need to be on top of any regulatory changes in the countries where they operate.



SUCCESS STORY

How to unlock millions of dollars for a B2B business in Argentina

Doing business in Argentina is no easy feat. The country's economic and political volatility pose significant challenges for global companies. Yet, Argentina stands out as one of the fastest-growing digital markets globally, ranking among the top 5 markets in Latin America. It is expected to expand at a 17% rate through 2027, offering immense opportunities for businesses willing to overcome the complexities.

In 2022, **a global B2B company had an operational challenge in Argentina, due to local regulations that limited remittances and local spending in foreign currencies.** This severely impacted their cash flow, jeopardizing their whole operation in the country.

EBANX developed a **custom end-to-end solution that streamlined the entire receivables process, including payment processing, tax collection, invoice validation, FX, and remittance.** Payments are collected in Argentine Pesos through Debin, a local bank transfer, while remittances are done in USD, meeting all regulatory requirements.

"This was only possible thanks to our deep local expertise and constant monitoring of the regulatory landscape in Argentina," says Eduardo Abreu, VP of Product at EBANX. "This allowed us to develop a solution that fully complies with local regulations, solving a huge complexity for a global B2B company."

The company has not only cleared the payment backlog but also continues to grow in volume, **expanding by 45% quarter-over-quarter in Argentina.** EBANX provided a scalable and fully compliant B2B solution in a complex market that both the company and its clients love.

END-TO-END SOLUTIONS ARE THE NEXT STEP FOR B2B PAYMENTS EVOLUTION

After digitizing B2B payments, **the path forward lies in integrating end-to-end solutions for the entire B2B procurement process**—a pain point for companies in both emerging and developed markets.

“What’s missing is procure-to-pay –from purchase to payment. Today, it’s much more about procure-to-invoice. After the invoice, companies make a swift payment, and that’s it. We need the modernization of accounts payable and receivable, impacting the whole B2B procurement process,” says Eduardo de Abreu, Vice President of Product at EBANX.

Automating payment flows will be crucial to overcoming companies' current reliance on manual inputs, which leads to inefficiencies, back-office burdens, and payment delays.

According to Abreu, this will gradually happen as new B2B solutions are developed, bringing advantages such as FX optimization, better user experience, reduced intermediaries, and, ultimately, lower costs—especially for small customers.

“This means that even your smallest client, who has no bargaining power with their bank nor economic power at all, will pay the same rate as your largest client,” he says. “This has the potential of democratizing a whole industry, fostering access for more and more companies to B2B digital services, cross-border trade, financial services, and so on.”

“What’s missing is procure-to-pay –from purchase to payment. We need the modernization of accounts payable and receivable, impacting the whole B2B procurement process.”

Eduardo de Abreu
Vice President of Product at EBANX

Access to credit remains a cornerstone of business success, and integrating it with payment solutions for B2B transactions could become a game-changer. Alternative payment methods with embedded credit may pave the way forward.

Finally, addressing structural barriers like limited financial access and informal business practices will be instrumental in fostering growth in emerging markets, especially in regions prioritizing export economies or small enterprise empowerment, as is the case in India.

“India wants to be an export economy –so you'll see more and more push from the government, as well as from the ecosystem, to make cross-border payments as streamlined as possible, while ensuring that transactions are safe and genuine,” says Rashmi Satpute, Country Director for India at EBANX.

As governments and ecosystems push for easier, faster, and safer transactions, the B2B payment landscape is poised for transformation.

DIGITAL COMMERCE BY THE NUMBERS

The size of the opportunity in rising markets

We invite you to **explore insights into the digital markets of Latin America, Africa, and India**, supported by key statistics from Payments and Commerce Market Intelligence (PCMI). This resource includes interactive infographics that facilitate an examination of the data, allowing you to focus on specific regions or countries of interest.

Africa

The data refers to the top 4 markets in the continent: Egypt, Kenya, Nigeria, and South Africa

Latin America

The data refers to 15 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, and Uruguay

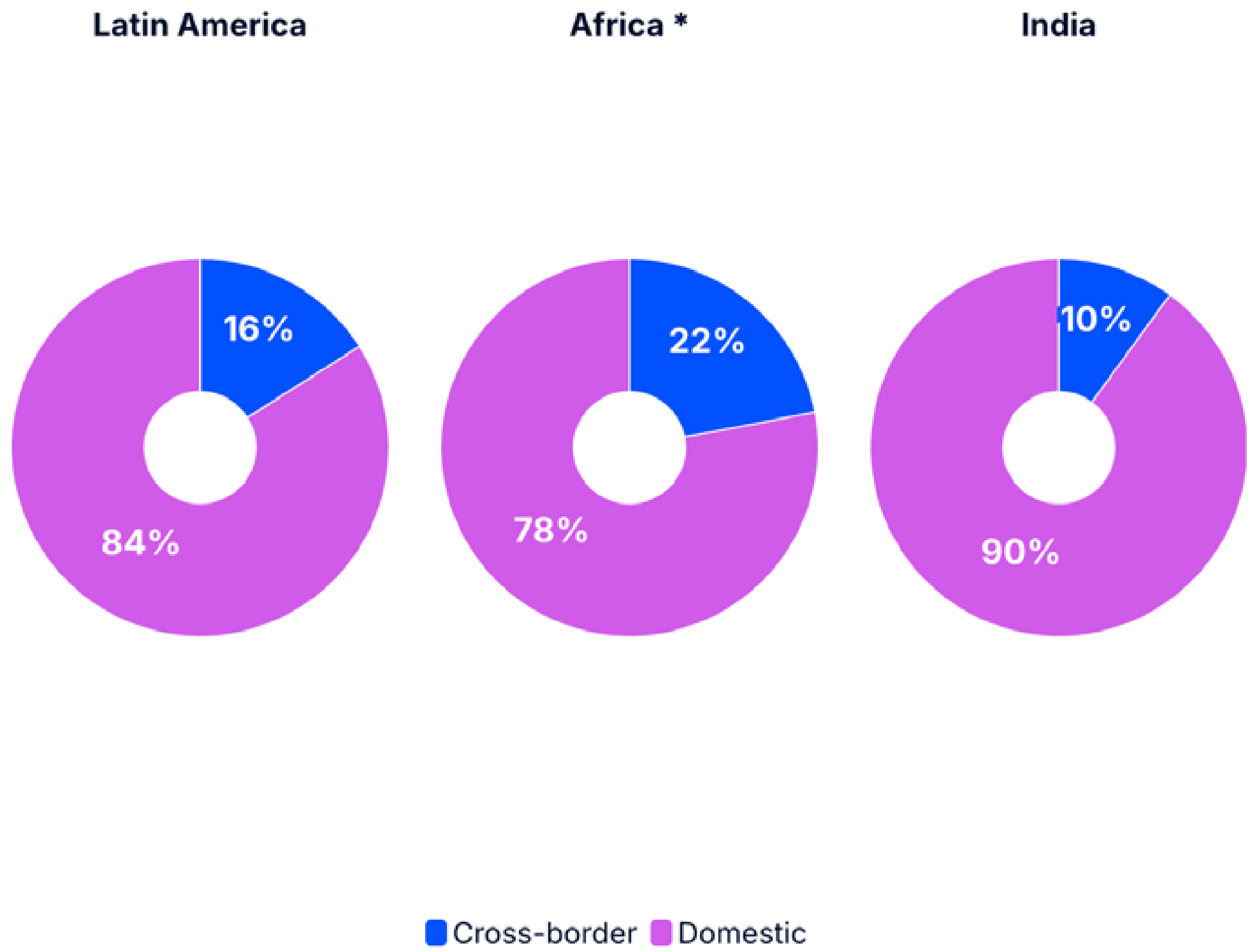
Rising and ever-growing markets

All regions analyzed in this study –Latin America, India, and Africa—are expected to see **double-digit growth in digital commerce by 2027**. Latin America is predicted to reach nearly USD 1 trillion in online sales, while India alone will have an average annual growth of 16%. Although Africa's digital markets are still smaller in comparison, they also expect significant growth in the next few years.

Source: PCMI, 2024 • **Latin America:** 15 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, and Uruguay). **Africa:** 4 countries (Egypt, Kenya, Nigeria, and South Africa).

Cross-border online sales increase to 15%

In 2024, cross-border online sales saw significant growth, capturing a **15% share in emerging markets, up from 14% the previous year.** The trend varied by region. In Latin America, 16% of online sales were international, indicating an upward trend. In Africa, cross-border transactions made up 22% of e-commerce, a figure that is expected to remain steady in the coming years. In contrast, cross-border sales in India accounted for only 10% of its market.



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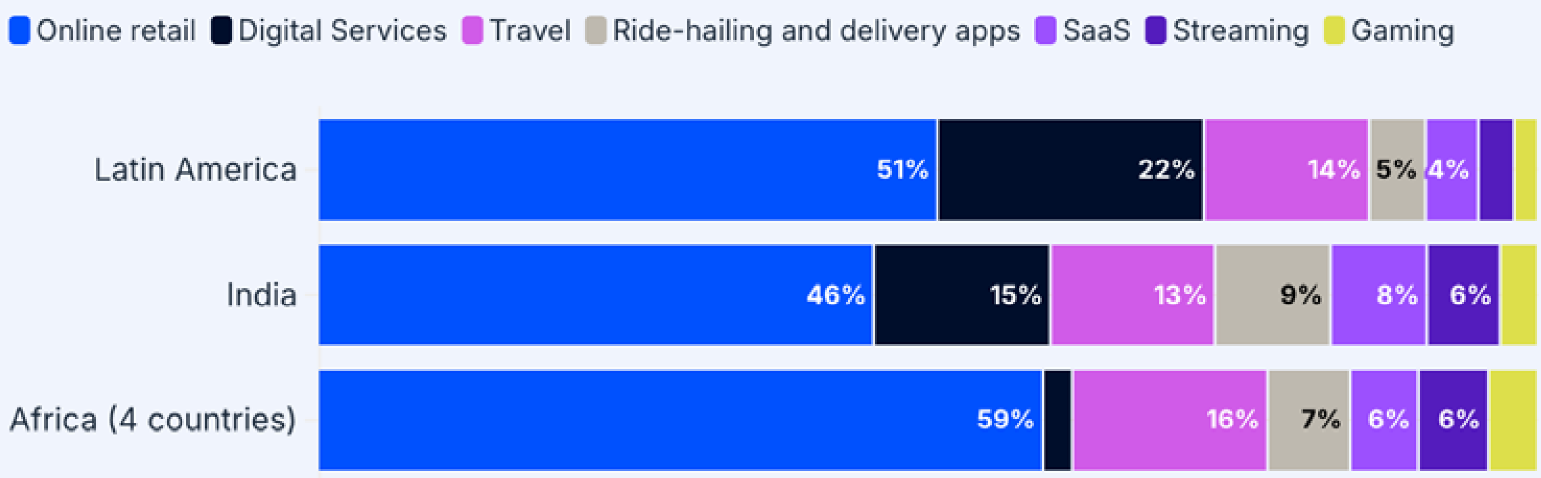
Online retail leads; gaming and streaming gain ground

While online retail maintains its dominance across markets, gaming is making notable strides, growing in every region. Latin America also experienced substantial growth in travel, while Africa and India saw significant expansion in streaming services.



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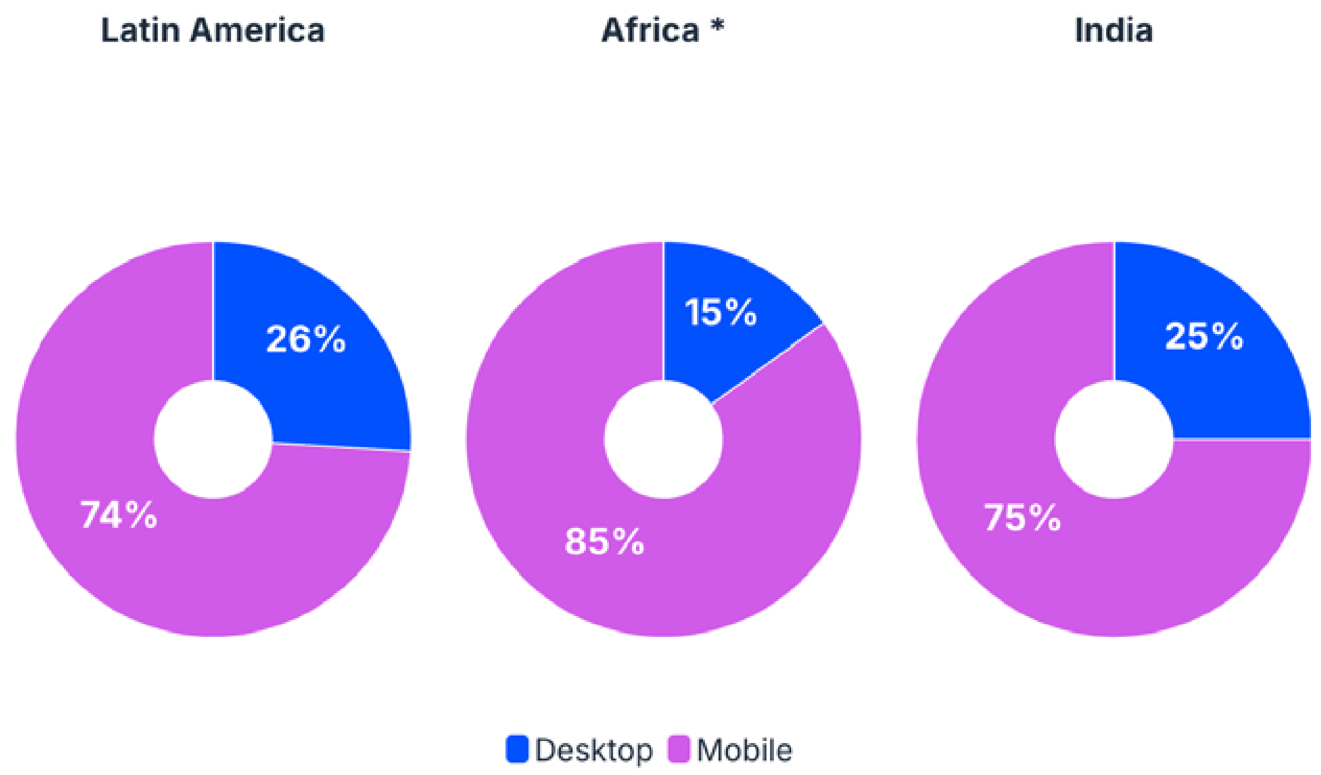
Mobile drives digital commerce

In these evolving digital economies, smartphones have become the primary gateway for online transactions. **Mobile purchases now constitute a significant majority of e-commerce volume, ranging from 74% to 85% across these markets**. This represents a substantial increase, with mobile purchases expected to grow by 19% per year through 2027.



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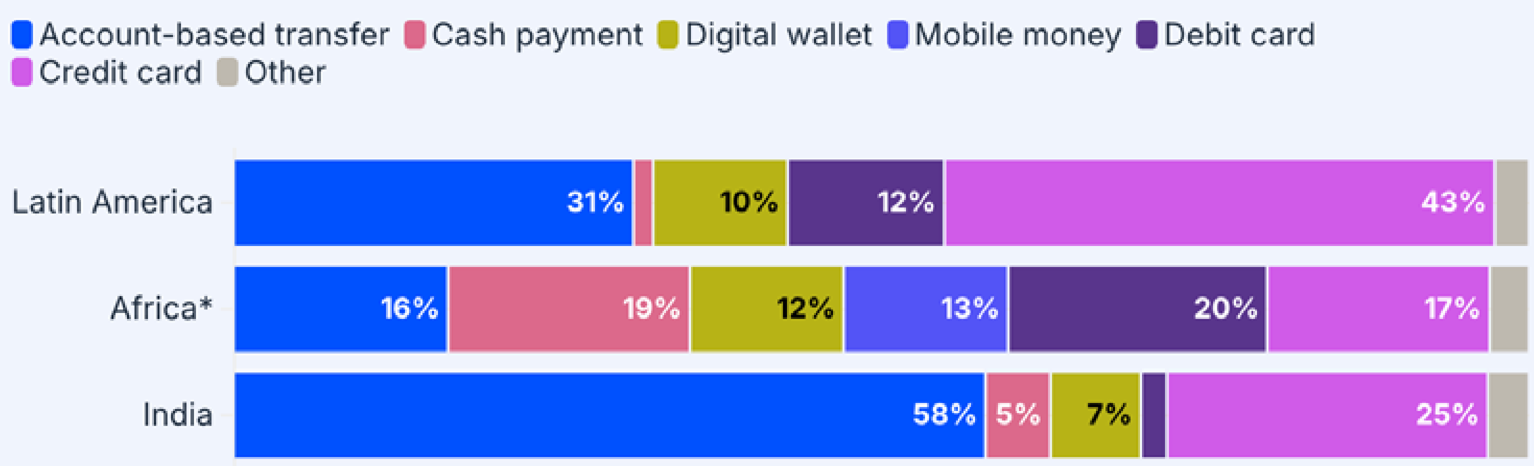
Shift from cash to digital payment methods

The payment landscape is evolving rapidly across rising markets. In Latin America and India, Pix and UPI's popularity led to **account-based transfers becoming the preferred method.** While cash transactions have declined across all analyzed regions, alternative digital payment methods are on the rise. **Mobile money** continues gaining traction in African markets, while digital wallets have seen substantial adoption in Latin America and India.



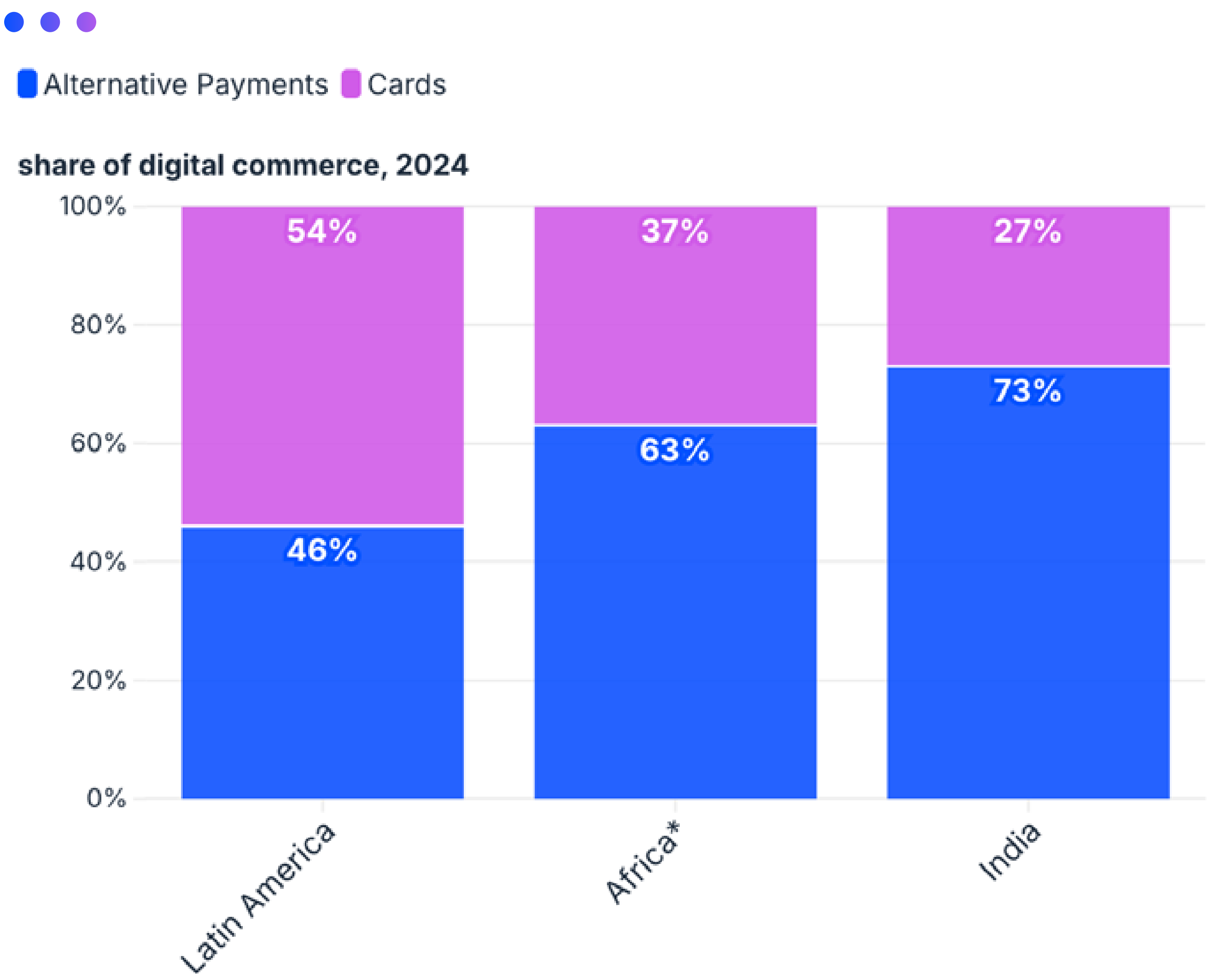
Source: PCMI, 2024 • **Latin America:** 15 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, and Uruguay). **Africa:** 4 countries (Egypt, Kenya, Nigeria, and South Africa).

Methodological note: This study focuses on a selection of four African countries, among which only Kenya boasts a mobile money system fully integrated into digital commerce. It is important to note that several other African nations feature mobile money as a fundamental component within their payment ecosystems. The scope of this infographic, however, is limited to the specific countries identified

EBANX

Alternative payments challenge the norm

Card payments still hold the lion's share of online transactions in Latin America. However, the landscape is shifting as alternative payment methods gain momentum across rising markets. In African countries and India, these innovative payment solutions have already surpassed traditional methods, becoming the dominant choice for digital buying.



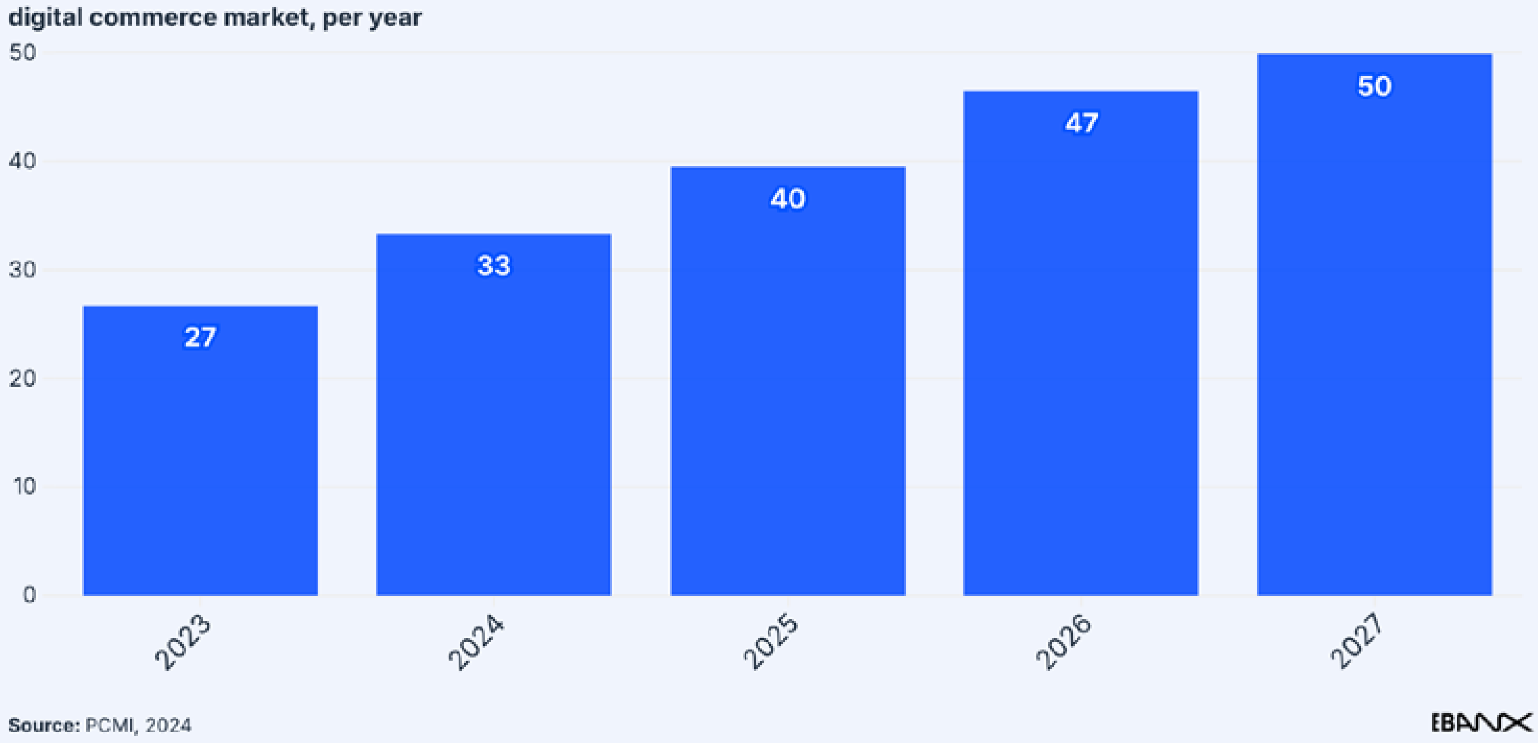
Source: PCMI, 2024 • **Latin America:** 15 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, and Uruguay). **Africa:** 4 countries (Egypt, Kenya, Nigeria, and South Africa).

Country deep dive: A flourishing digital opportunity in rising markets

Take a deep dive into the state of digital commerce in selected countries with the charts below.

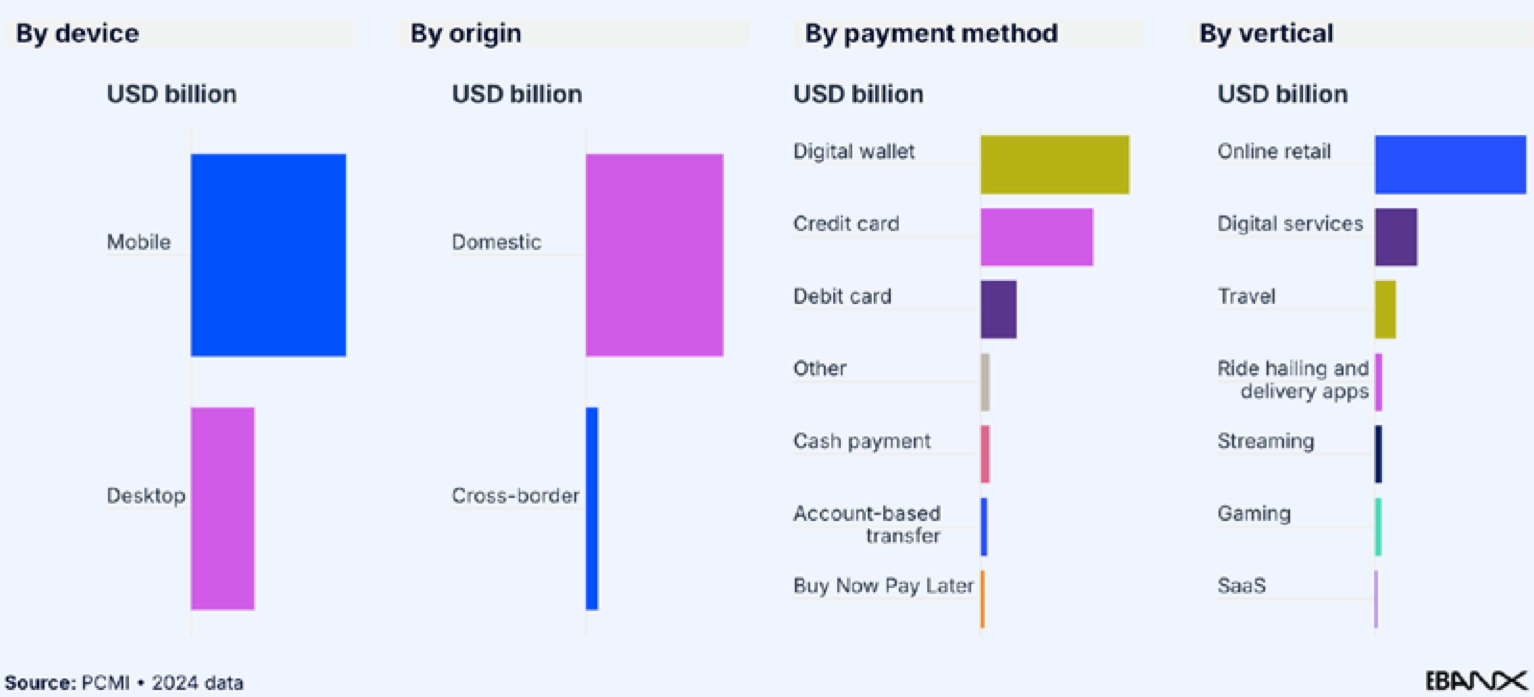
Argentina

Argentina



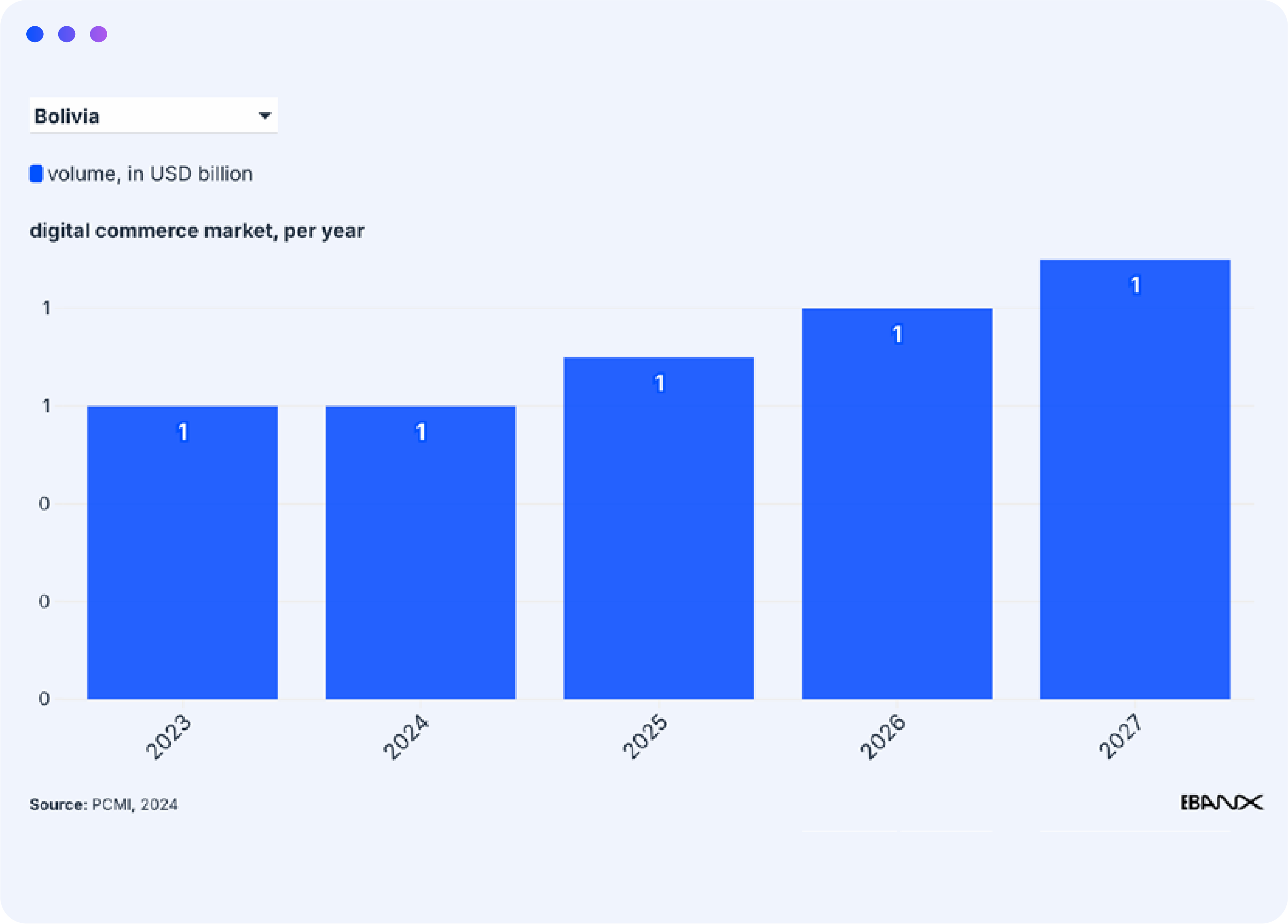
Source: PCMI, 2024

Argentina



Source: PCMI • 2024 data

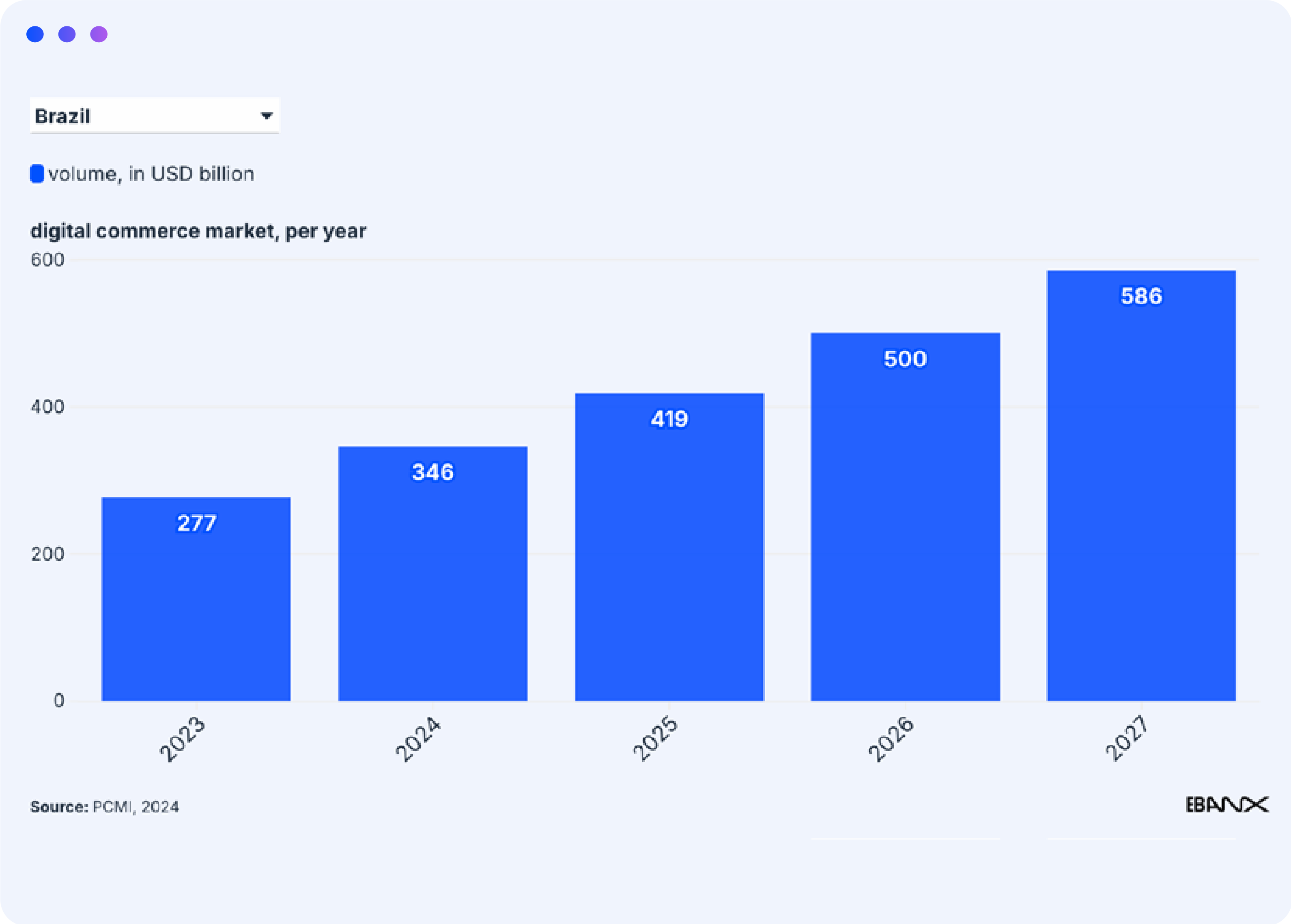
Bolivia



Bolivia
volume, in USD billion
digital commerce market, per year
1
1
0
0
0
1
1
1
1
1
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

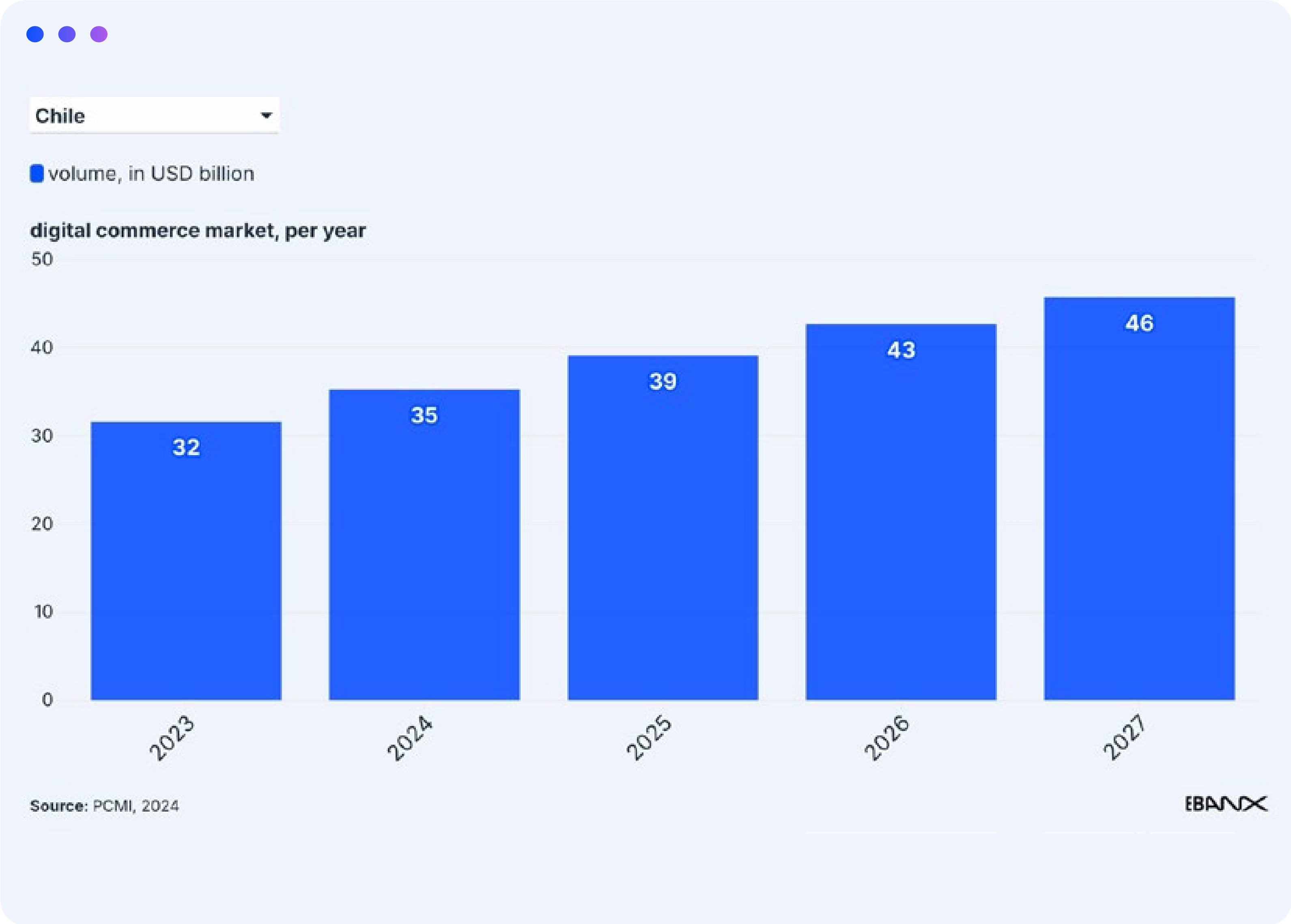
Bolivia
By device
USD billion
Mobile
Desktop
By origin
USD billion
Cross-border
Domestic
By payment method
USD billion
Credit card
Digital wallet
Account-based transfer
Debit card
Other
Cash payment
Buy Now Pay Later
By vertical
USD billion
Digital services
Ride hailing and delivery apps
Online retail
Travel
SaaS
Streaming
Gaming
Source: PCMI • 2024 data
EBANX

Brazil


Brazil
volume, in USD billion
digital commerce market, per year
600
400
200
0
277
346
419
500
586
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX


Brazil
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Credit card
Pix
137.4
Boleto
26.2
Digital wallet
Debit card
Buy Now Pay Later
Account-based transfer
Other
By vertical
USD billion
Online retail
Digital services
Travel
Ride hailing and delivery apps
SaaS
Streaming
Gaming
Source: PCMI • 2024 data
EBANX

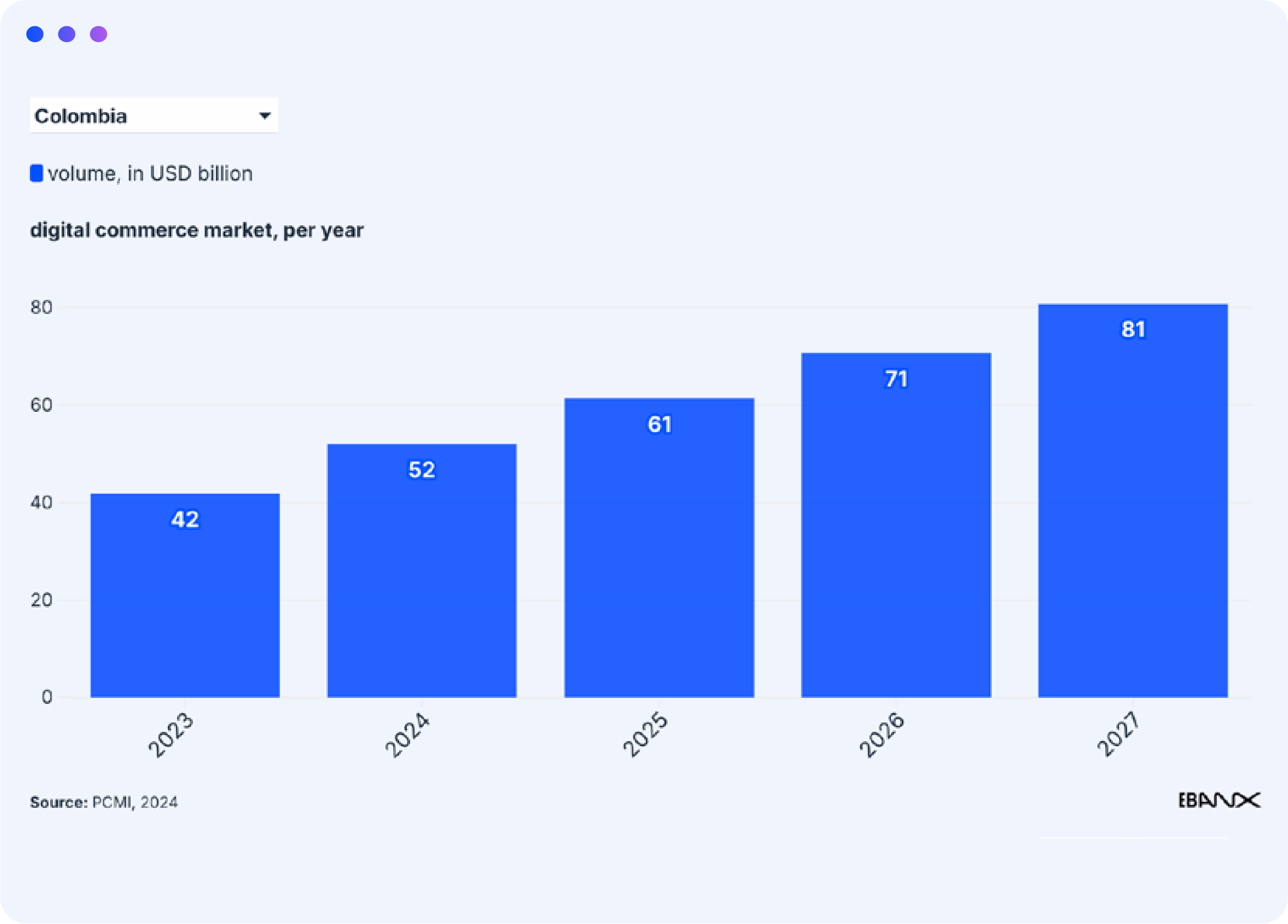
Chile



Chile
volume, in USD billion
digital commerce market, per year
50
40
30
20
10
0
32
35
39
43
46
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

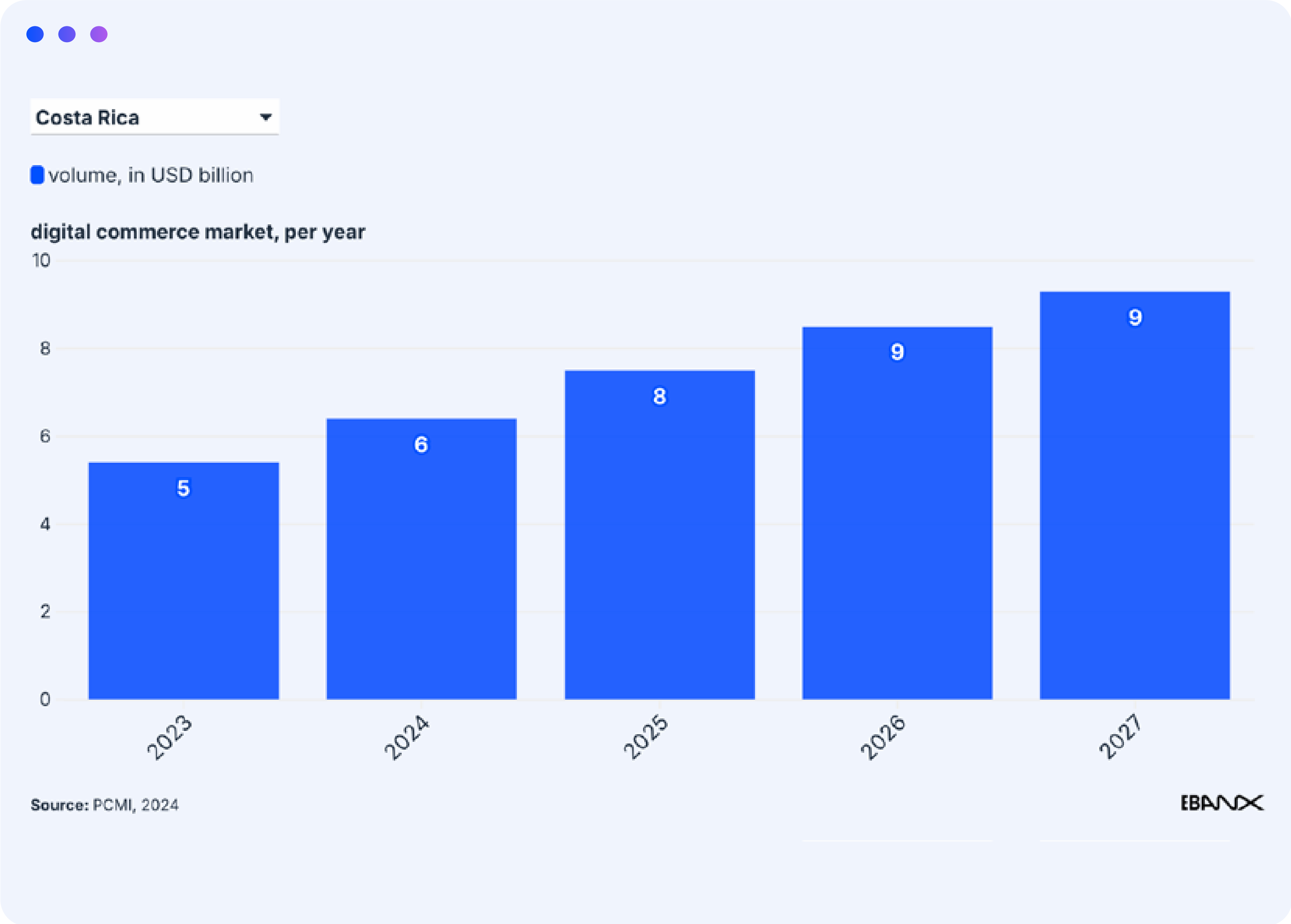
Chile
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Credit card
Debit card
Account-based transfer
Digital wallet
Other
Cash payment
0.8
Buy Now Pay Later
By vertical
USD billion
Online retail
Travel
Ride hailing and delivery apps
SaaS
Digital services
Streaming
Gaming
Source: PCMI • 2024 data
EBANX

Colombia


Colombia
volume, in USD billion
digital commerce market, per year
80
60
40
20
0
42
52
61
71
81
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX


Colombia
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Credit card
Account-based transfer
Debit card
Digital wallet
Buy Now Pay Later
Cash vouchers
1.6
Other
By vertical
USD billion
Online retail
Digital services
Travel
Gaming
SaaS
Streaming
Ride hailing and delivery apps
Source: PCMI • 2024 data
EBANX

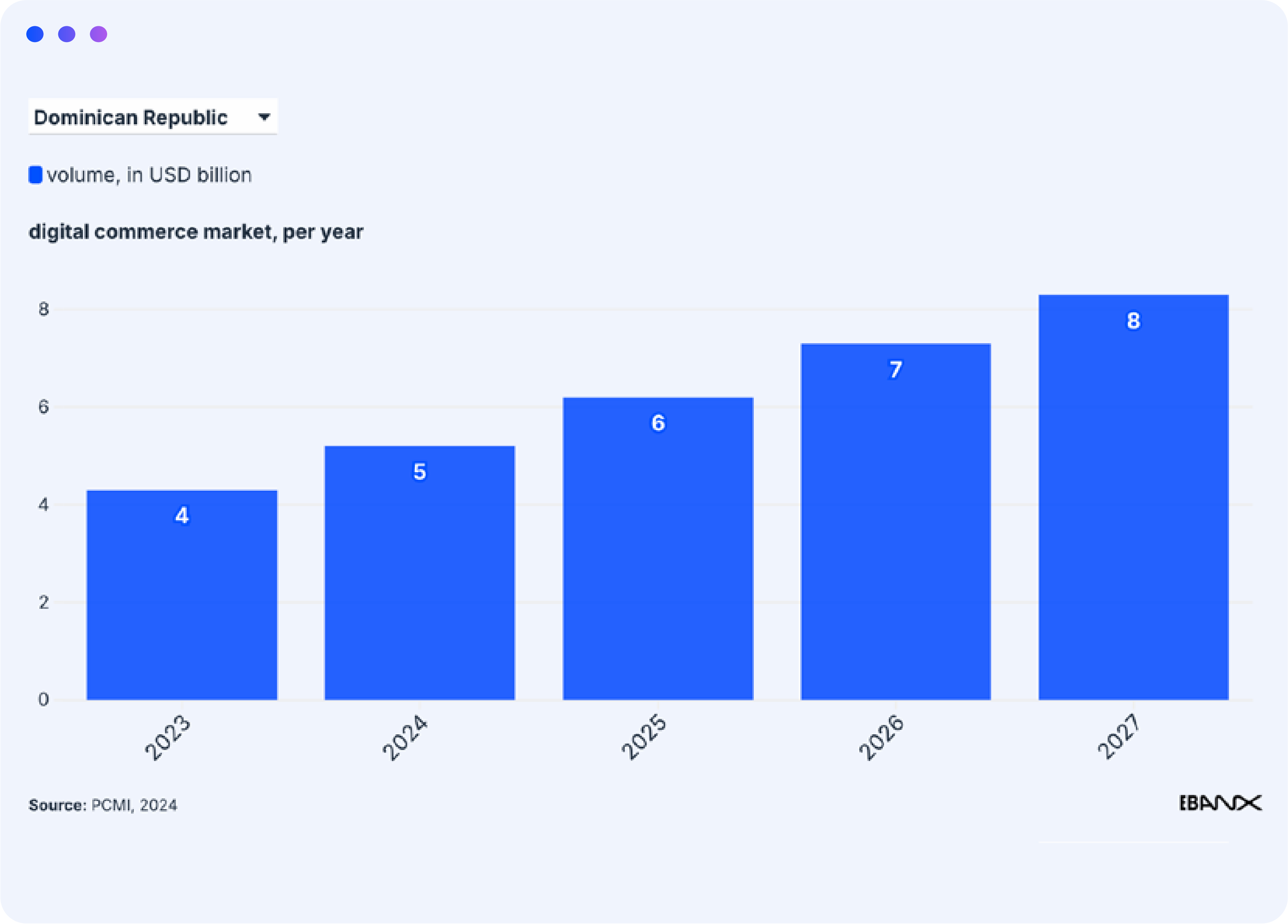
Costa Rica



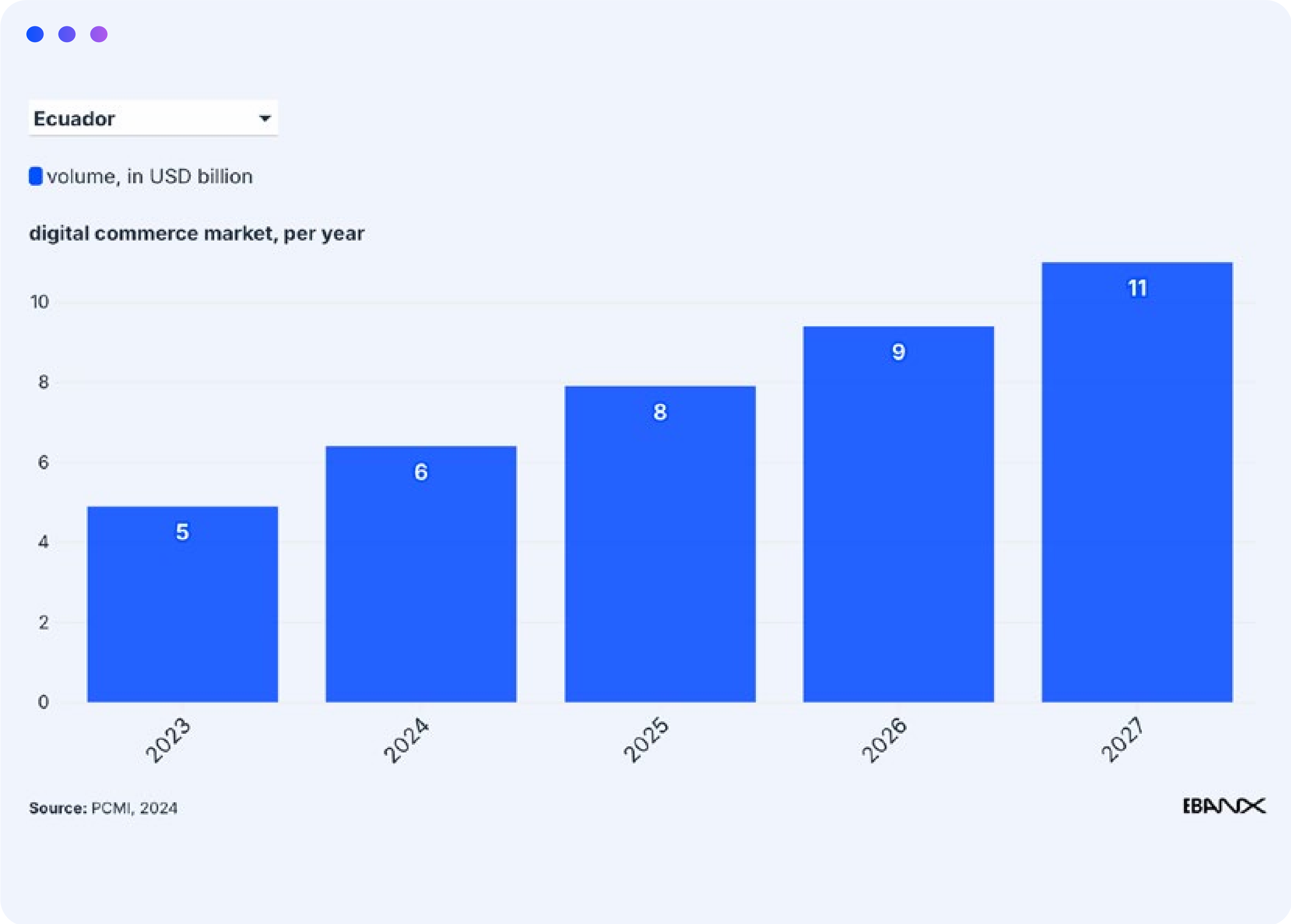
Costa Rica
volume, in USD billion
digital commerce market, per year
10
8
6
4
2
0
5
6
8
9
9
2023
2024
2025
2026
2027
Source: PCMI, 2024

Costa Rica
By device
By origin
By payment method
By vertical
USD billion
Mobile
Desktop
USD billion
Domestic
Cross-border
USD billion
Credit card
Debit card
Account-based transfer
Digital wallet
Other
Cash payment
0
Buy Now Pay Later
USD billion
Online retail
Travel
Digital services
SaaS
Ride hailing and delivery apps
Gaming
Streaming
Source: PCMI • 2024 data

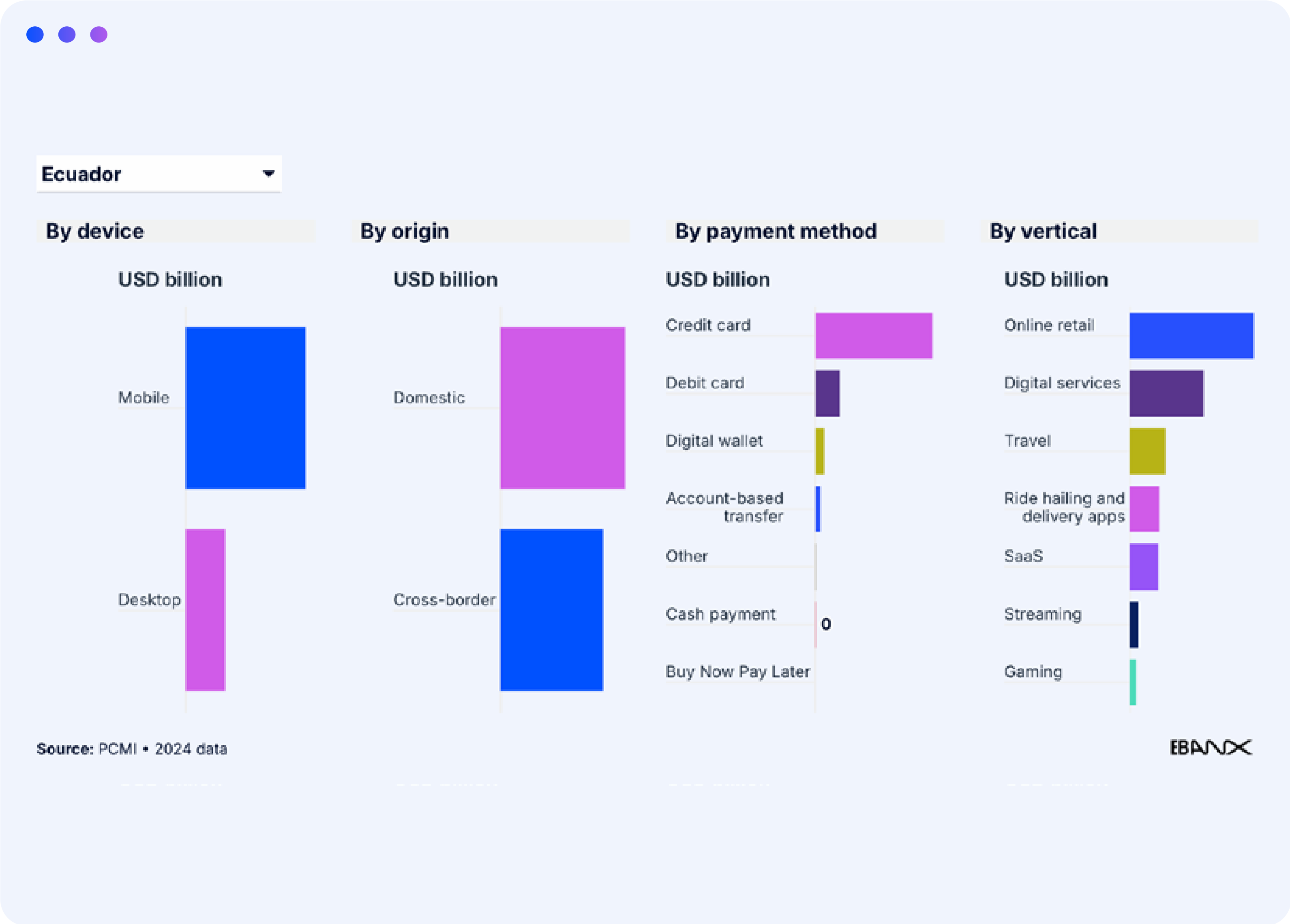
Dominican Republic



Ecuador

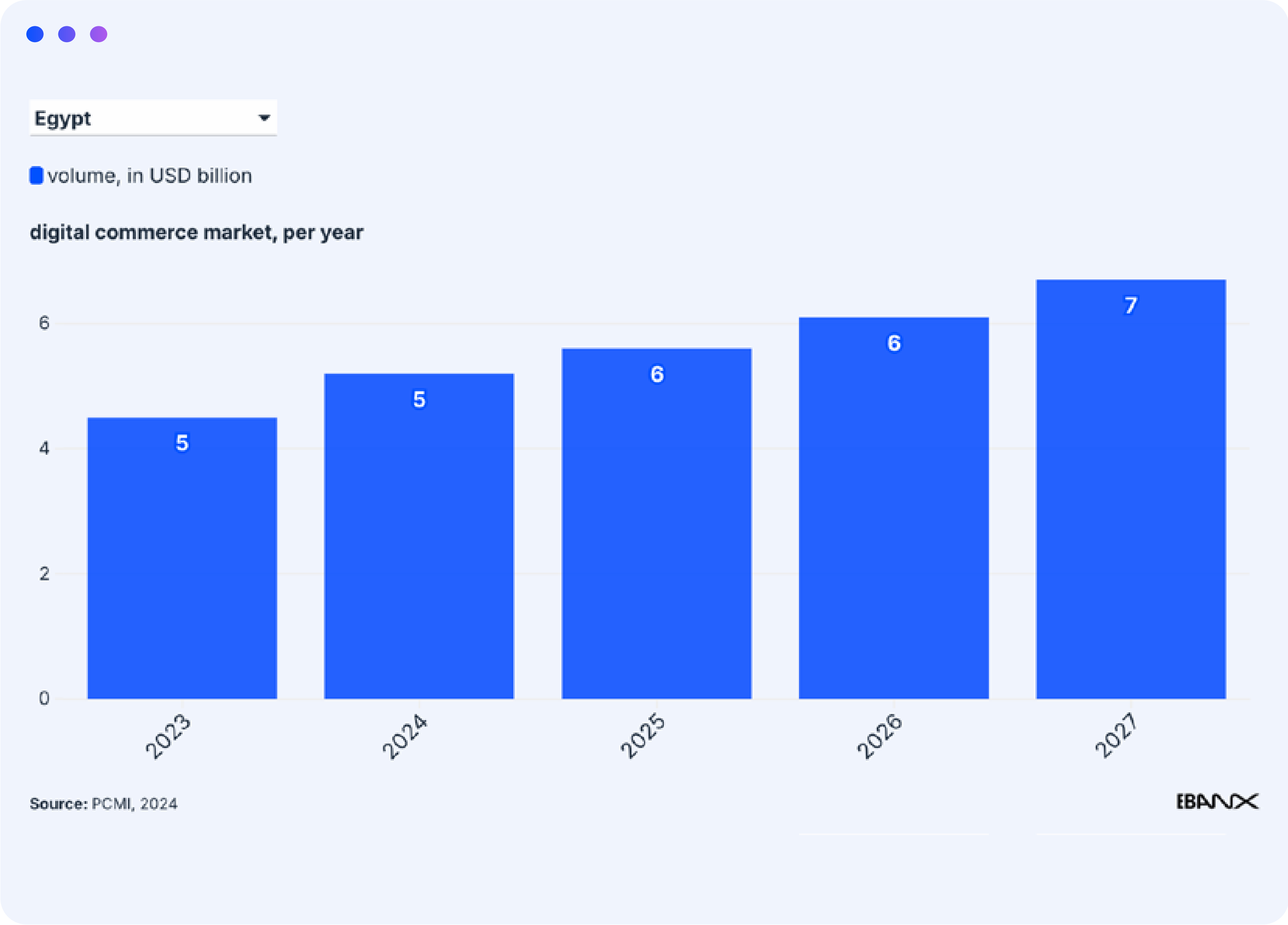


Ecuador
volume, in USD billion
digital commerce market, per year
10
8
6
4
2
0
5
6
8
9
11
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX



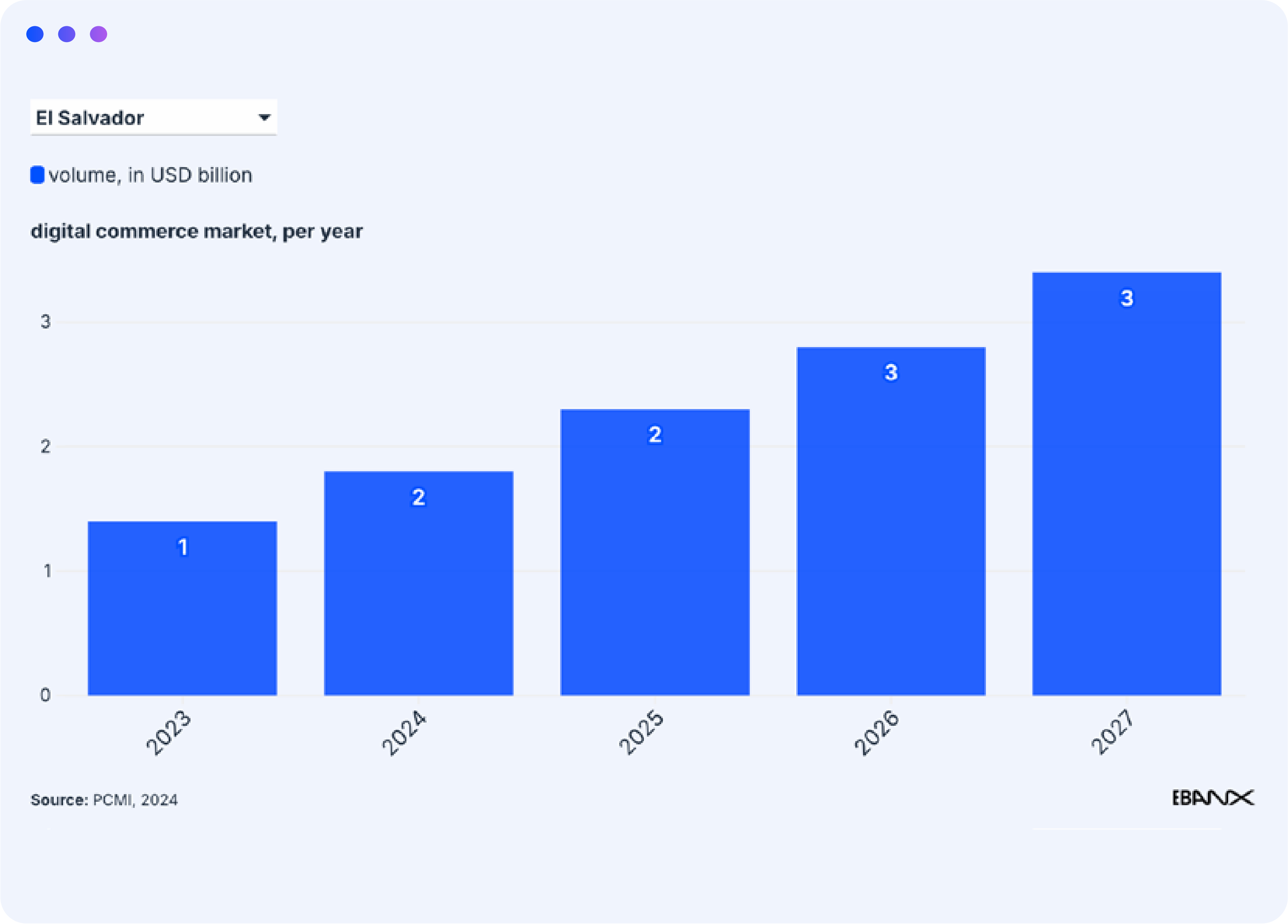
Ecuador
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Credit card
Debit card
Digital wallet
Account-based transfer
Other
Cash payment
0
Buy Now Pay Later
By vertical
USD billion
Online retail
Digital services
Travel
Ride hailing and delivery apps
SaaS
Streaming
Gaming
Source: PCMI • 2024 data
EBANX

Egypt

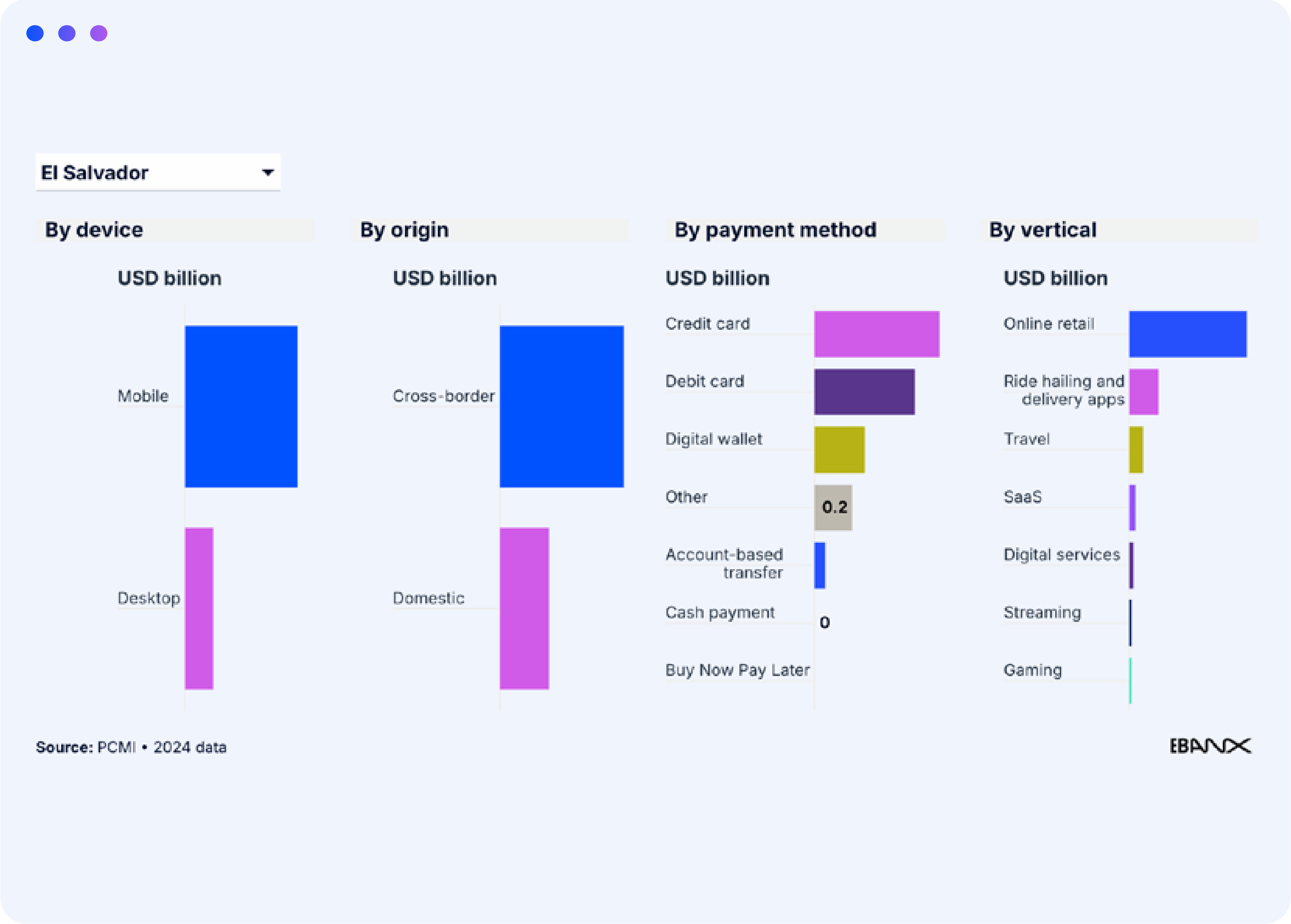

Egypt
volume, in USD billion
digital commerce market, per year
6
4
2
0
5
5
6
6
7
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX


Egypt
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Cash on delivery
2
Fawry
1.2
Credit card
Digital wallet
Buy Now Pay Later
Debit card
Cash payment
0.2
Account-based transfer
By vertical
USD billion
Online retail
Travel
Streaming
Ride hailing and delivery apps
Digital services
Gaming
SaaS
Source: PCMI • 2024 data
EBANX

El Salvador

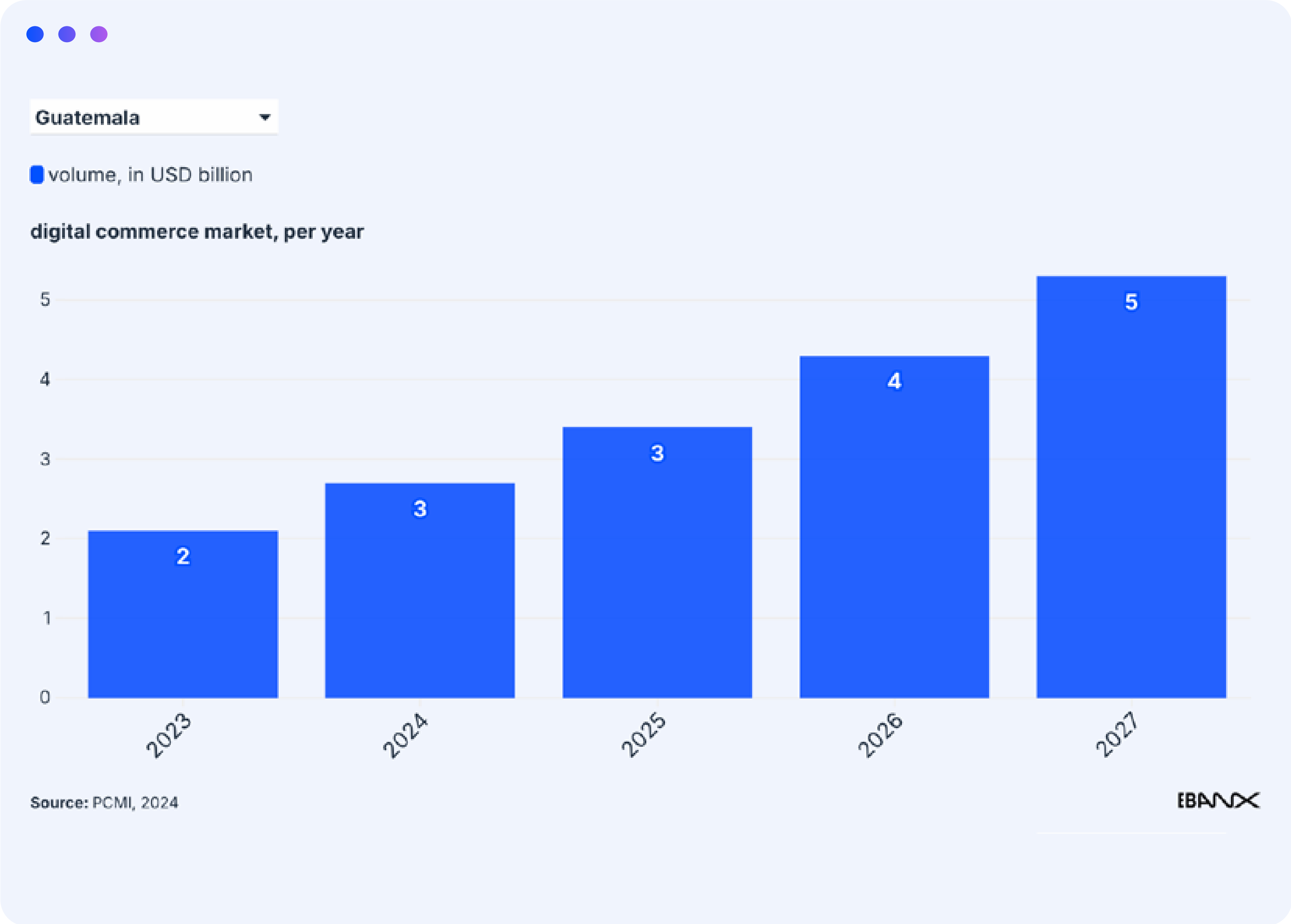


El Salvador
volume, in USD billion
digital commerce market, per year
3
2
1
0
1
2
2
3
3
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX



El Salvador
By device
USD billion
Mobile
Desktop
By origin
USD billion
Cross-border
Domestic
By payment method
USD billion
Credit card
Debit card
Digital wallet
Other
0.2
Account-based transfer
Cash payment
0
Buy Now Pay Later
By vertical
USD billion
Online retail
Ride hailing and delivery apps
Travel
SaaS
Digital services
Streaming
Gaming
Source: PCMI • 2024 data
EBANX

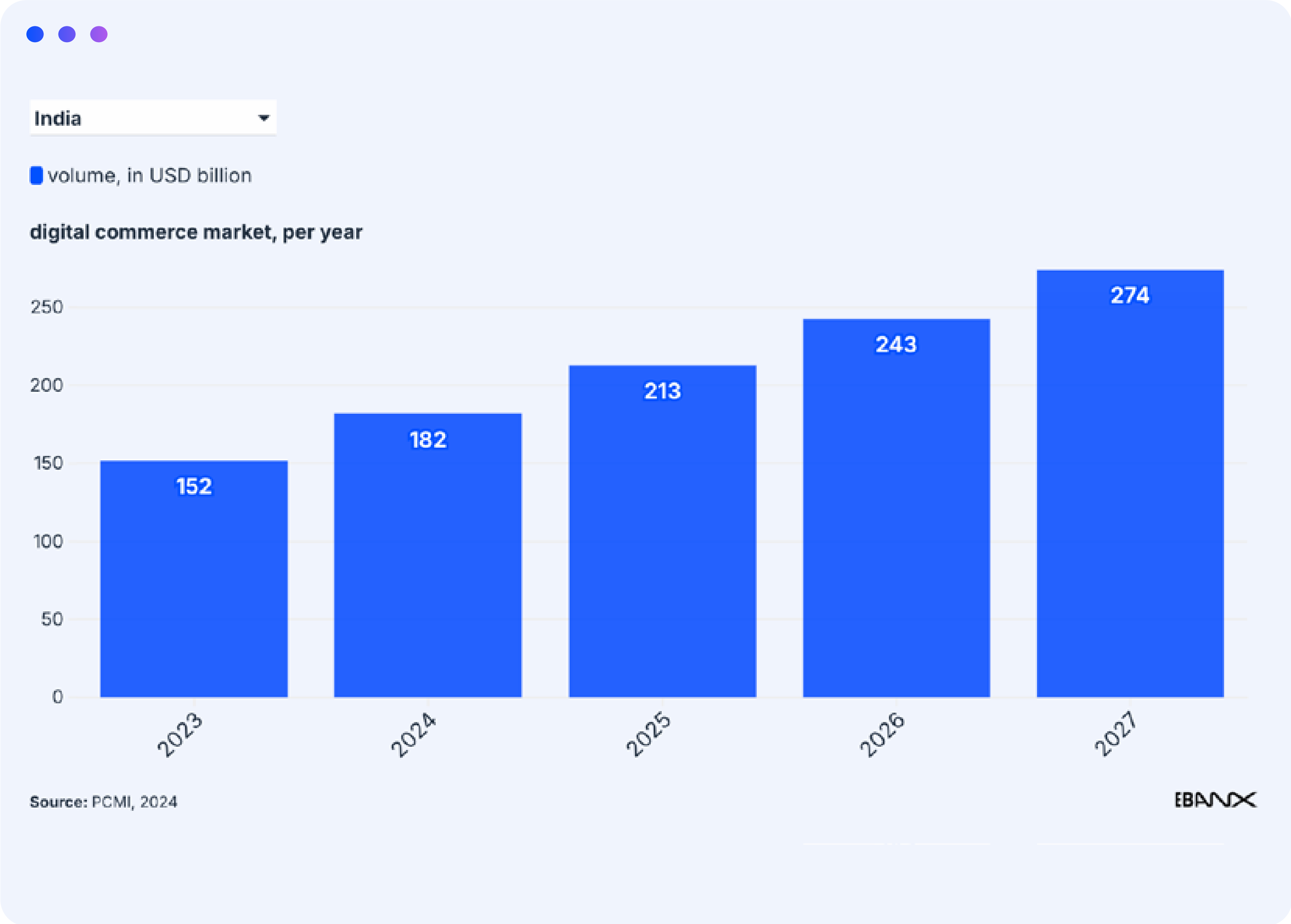
Guatemala



Guatemala
volume, in USD billion
digital commerce market, per year
5
4
3
2
1
0
2
3
3
4
5
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

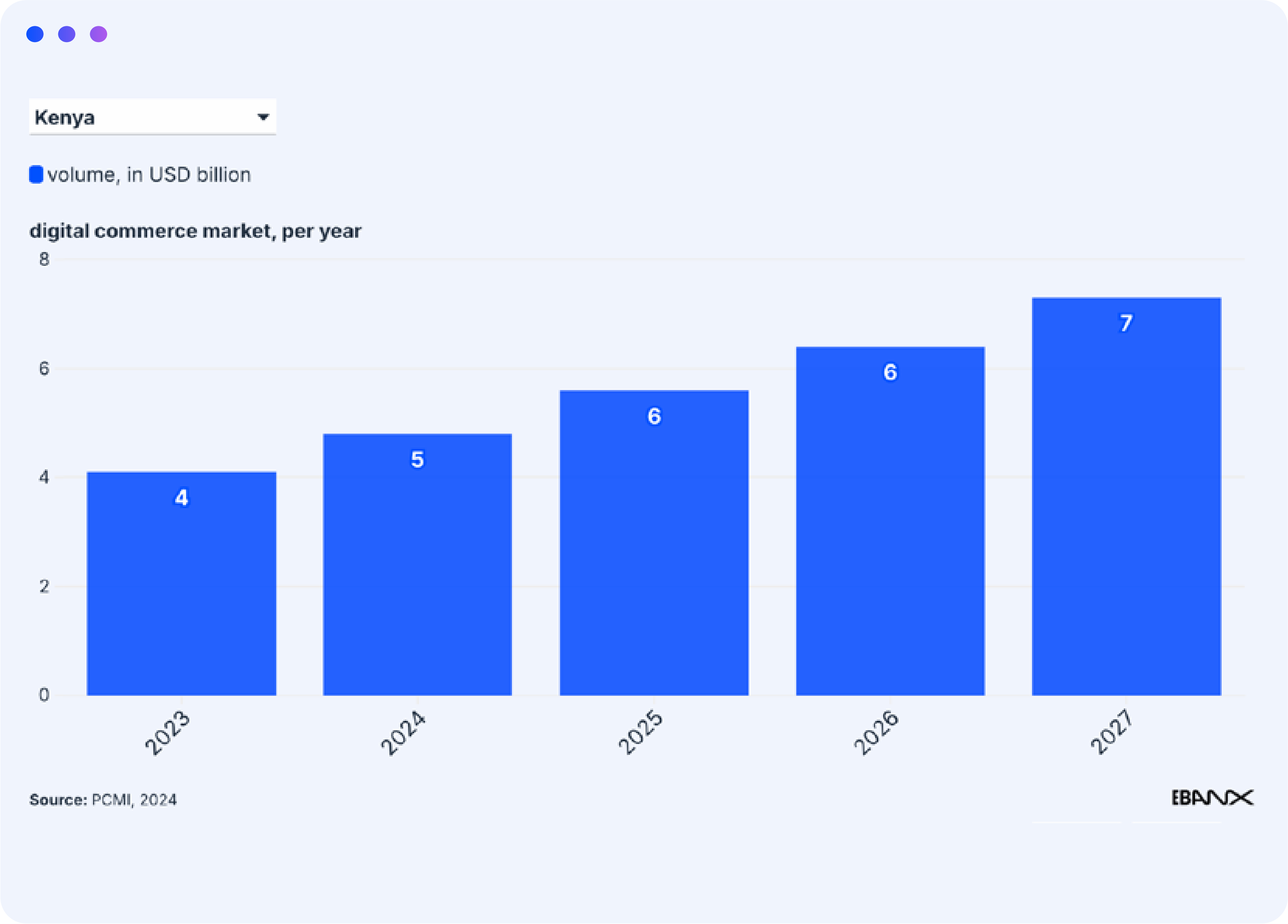
Guatemala
By device
USD billion
Mobile
Desktop
By origin
USD billion
Cross-border
Domestic
By payment method
USD billion
Credit card
Account-based transfer
Debit card
Digital wallet
Other
0.1
Cash payment
0
Buy Now Pay Later
By vertical
USD billion
Online retail
Streaming
Travel
Gaming
Ride hailing and delivery apps
SaaS
Digital services
Source: PCMI • 2024 data
EBANX

India


India
volume, in USD billion
digital commerce market, per year
250
200
150
100
50
0
152
182
213
243
274
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX


India
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
UPI
99.2
Credit card
Digital wallet
Cash on delivery
9.1
Netbanking
6.4
Buy Now Pay Later
Debit card
By vertical
USD billion
Online retail
Digital services
Travel
Ride hailing and delivery apps
SaaS
Streaming
Gaming
Source: PCMI • 2024 data
EBANX

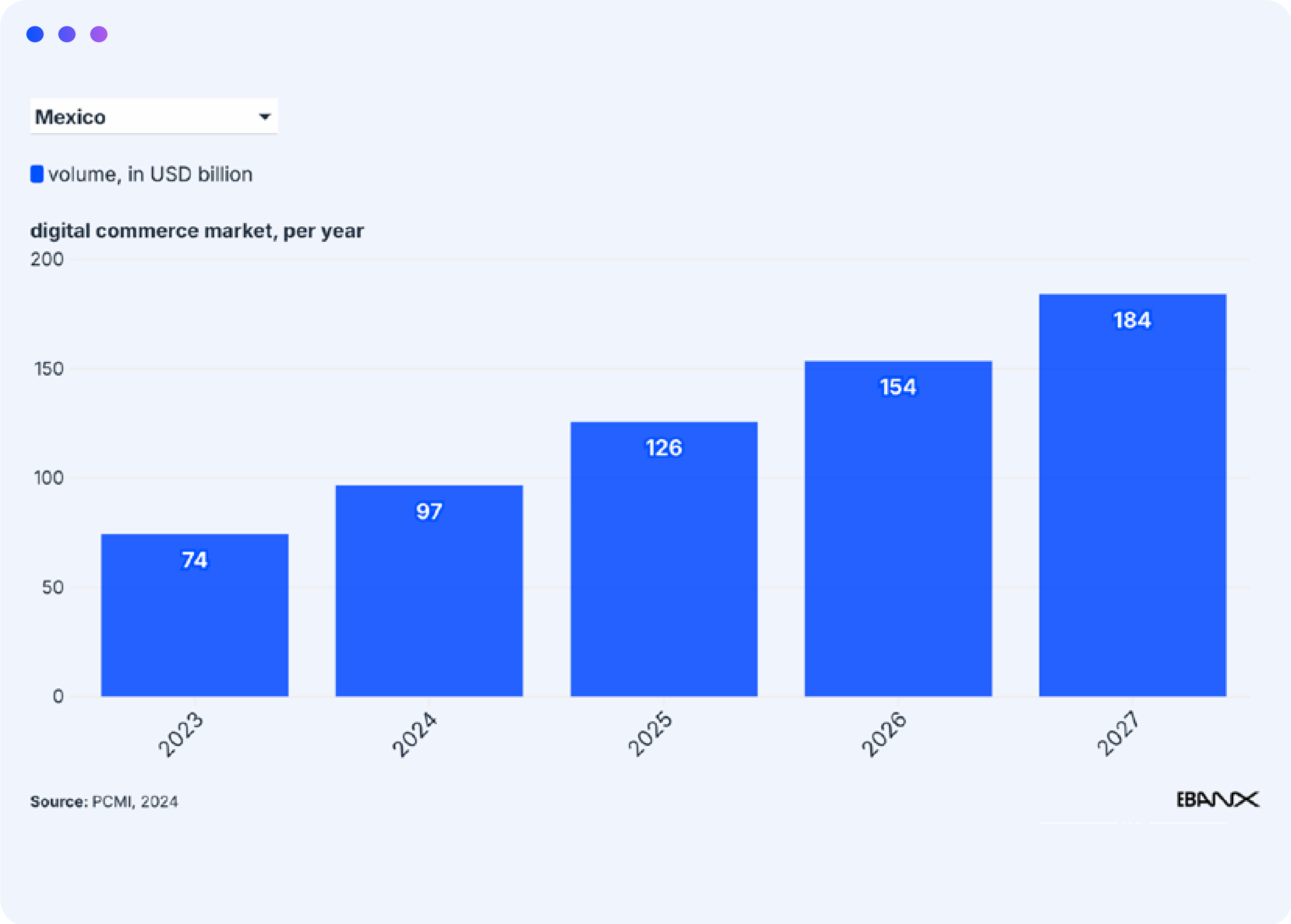
Kenya



Kenya
volume, in USD billion
digital commerce market, per year
8
6
4
2
0
4
5
6
6
7
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

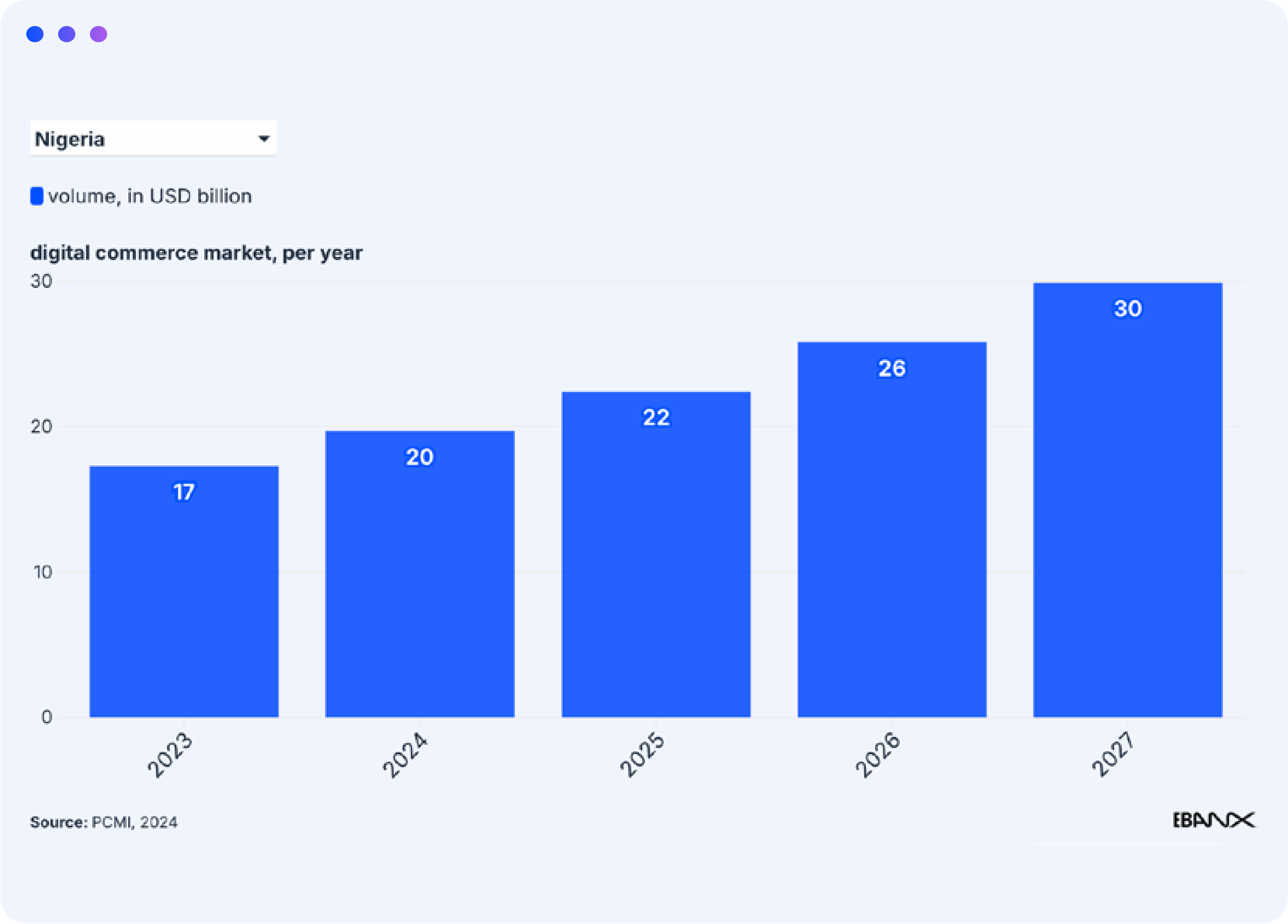
Kenya
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Mobile money
99.2
Cash on delivery
9.1
Debit card
Credit card
Account-based transfer
6.4
Other
Buy Now Pay Later
By vertical
USD billion
Online retail
Travel
SaaS
Gaming
Ride hailing and delivery apps
Streaming
Digital services
Source: PCMI • 2024 data
EBANX

Mexico


Mexico
volume, in USD billion
digital commerce market, per year
200
150
100
50
0
74
97
126
154
184
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

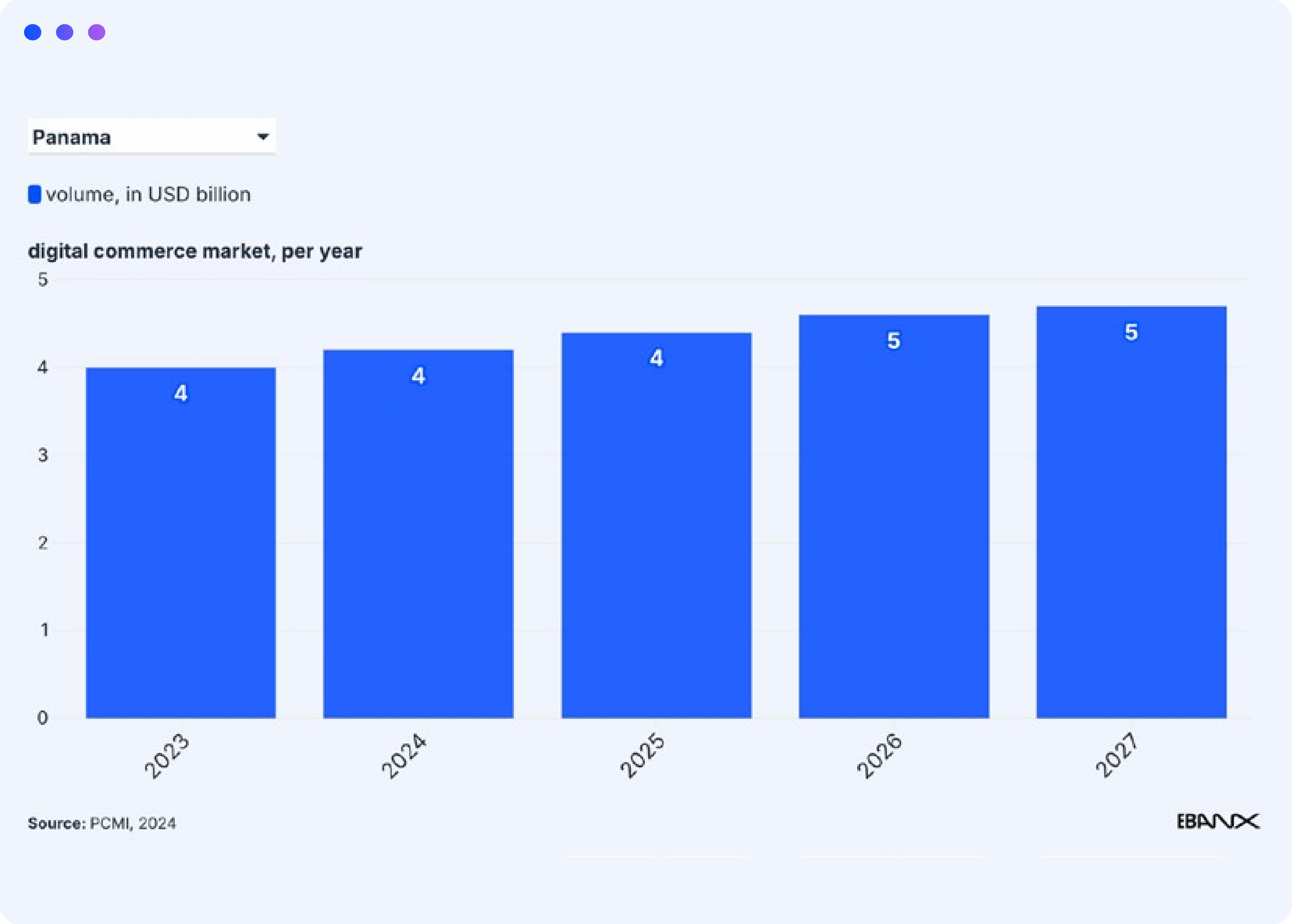

Mexico
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Debit card
Credit card
Digital wallet
Other
6.4
Cash payment
6.1
Account-based transfer
5.6
Buy Now Pay Later
By vertical
USD billion
Online retail
Travel
SaaS
Ride hailing and delivery apps
Gaming
Streaming
Digital services
Source: PCMI • 2024 data
EBANX

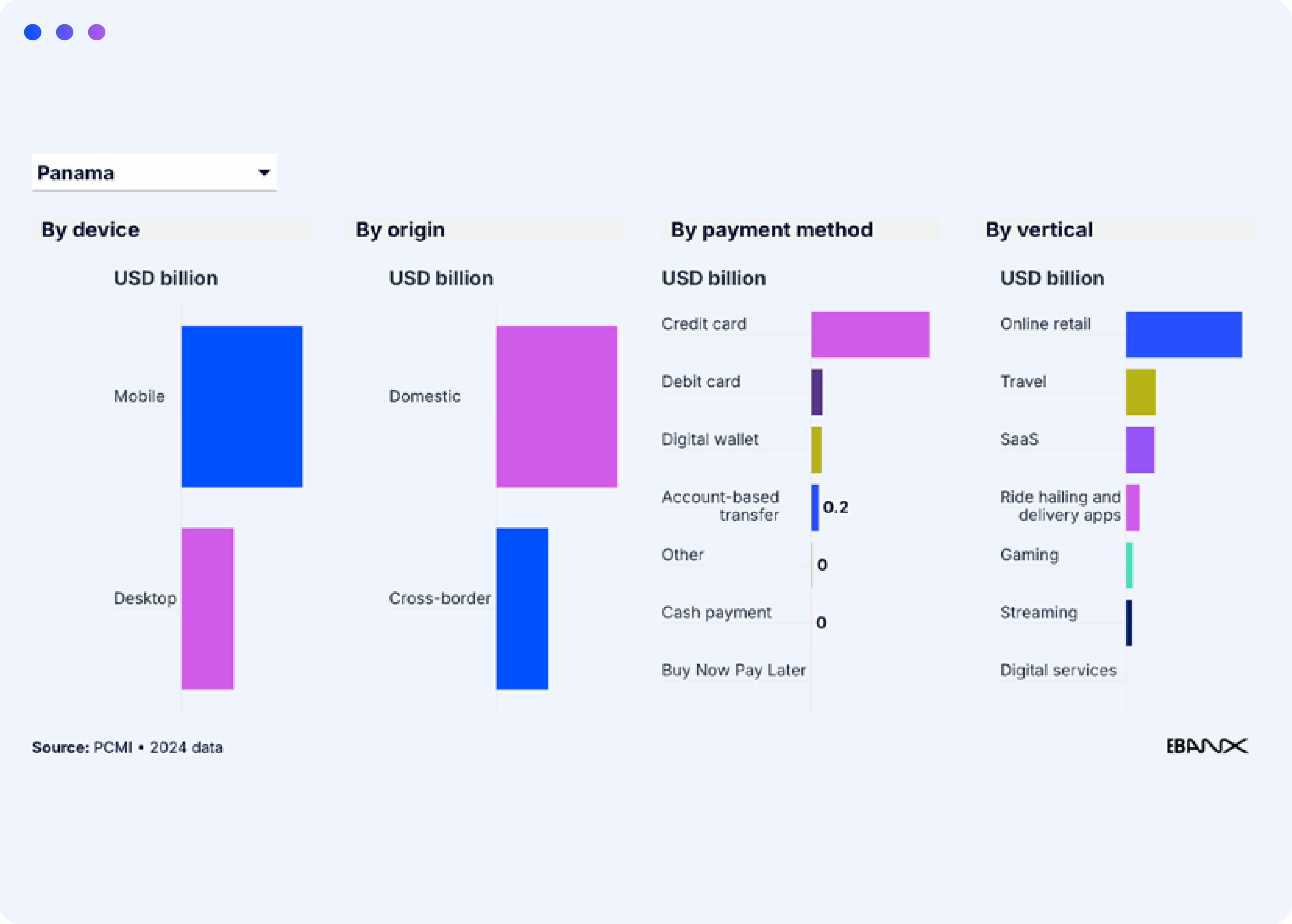
Nigeria


Nigeria
volume, in USD billion
digital commerce market, per year
30
20
10
0
17
20
22
26
30
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

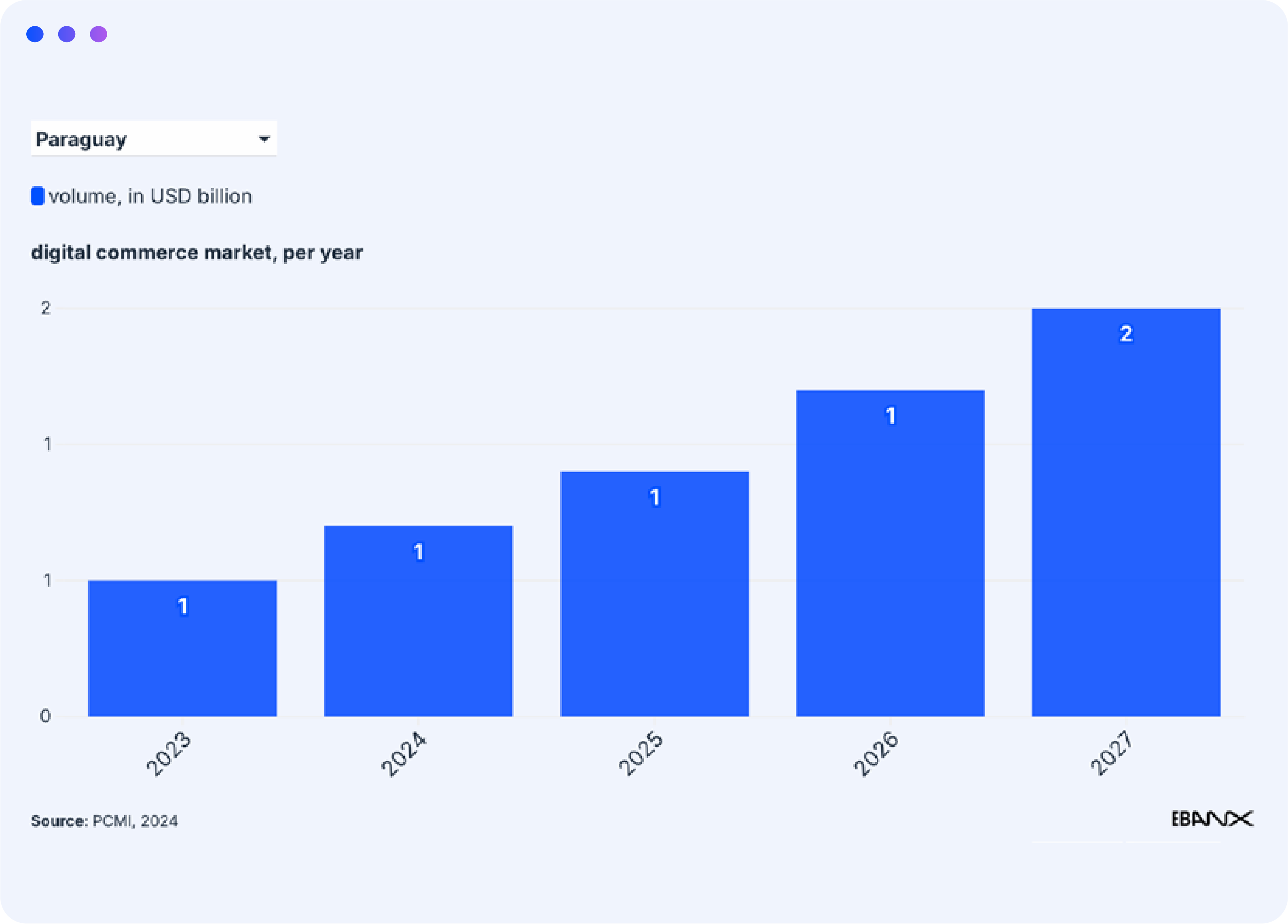

Nigeria
By device
By origin
By payment method
By vertical
USD billion
Mobile
Desktop
USD billion
Domestic
Cross-border
USD billion
Account-based transfer
4.1
Credit card
Debit card
Mobile money
2.8
Digital wallet
Cash payment
1.8
Cash on delivery
1.6
Buy Now Pay Later
Other
0
USD billion
Online retail
Travel
Streaming
Ride hailing and delivery apps
Gaming
SaaS
Digital services
Source: PCMI • 2024 data
EBANX

Panama


Panama
volume, in USD billion
digital commerce market, per year
5
4
3
2
1
0
4
4
4
5
5
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX


Panama
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Credit card
Debit card
Digital wallet
Account-based transfer
0.2
Other
0
Cash payment
0
Buy Now Pay Later
By vertical
USD billion
Online retail
Travel
SaaS
Ride hailing and delivery apps
Gaming
Streaming
Digital services
Source: PCMI • 2024 data
EBANX

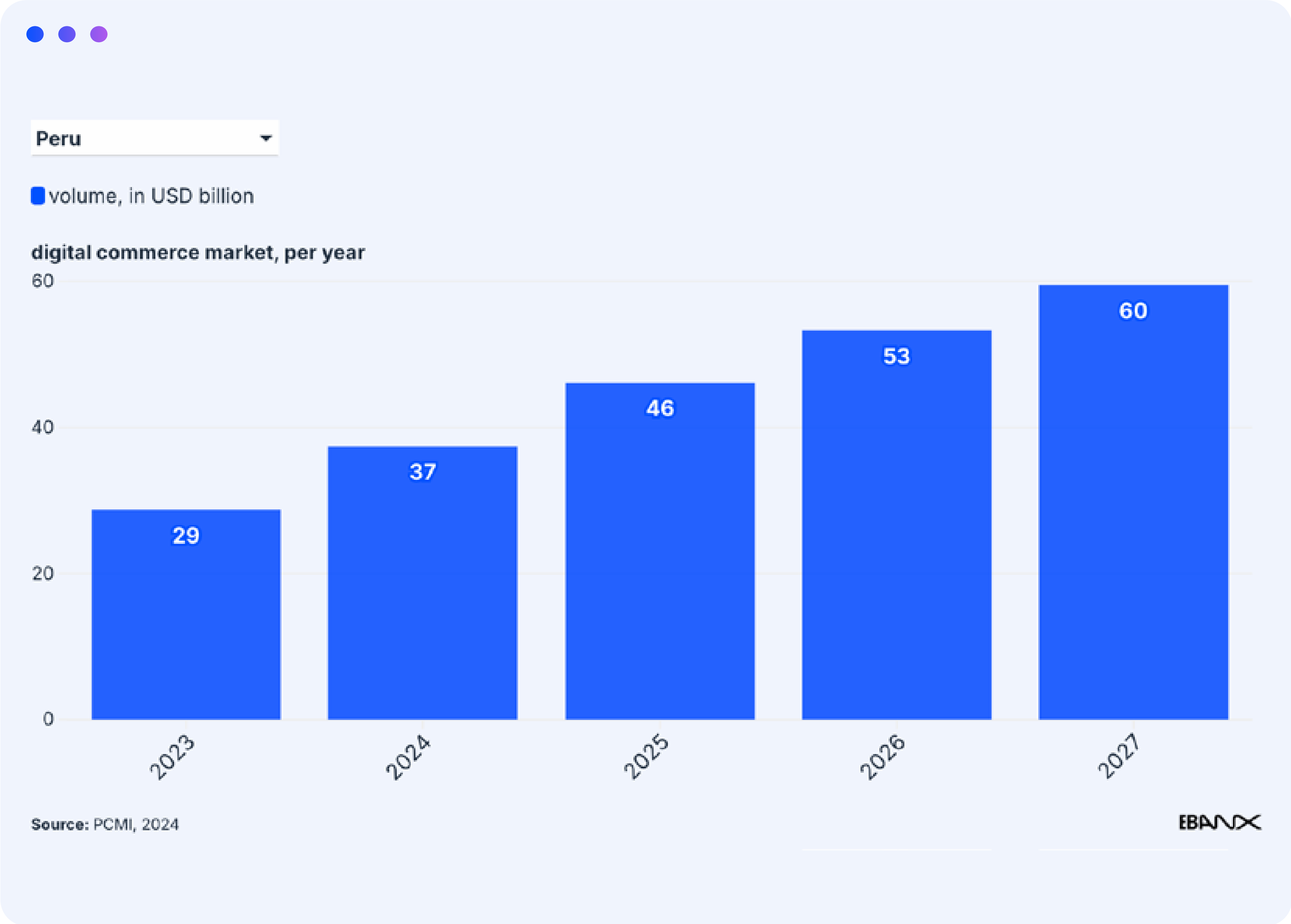
Paraguay



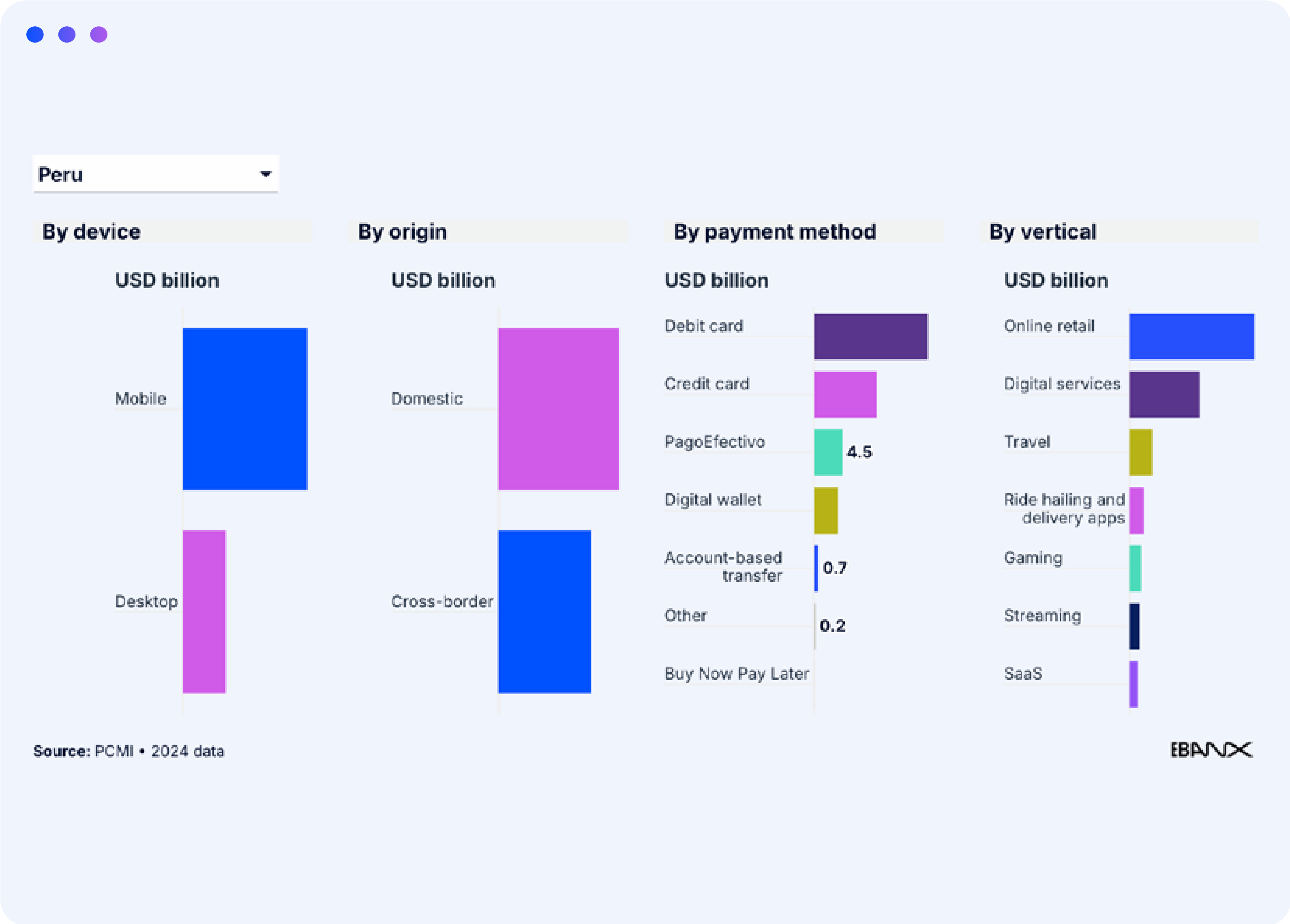
Paraguay
volume, in USD billion
digital commerce market, per year
2
1
1
0
1
1
1
1
2
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

Paraguay
By device
USD billion
Mobile
Desktop
By origin
USD billion
Cross-border
Domestic
By payment method
USD billion
Credit card
Debit card
Account-based transfer
0.1
Other
0.1
Digital wallet
Cash payment
0
Buy Now Pay Later
By vertical
USD billion
Online retail
Ride hailing and delivery apps
Digital services
Travel
Streaming
Gaming
SaaS
Source: PCMI • 2024 data
EBANX

Peru

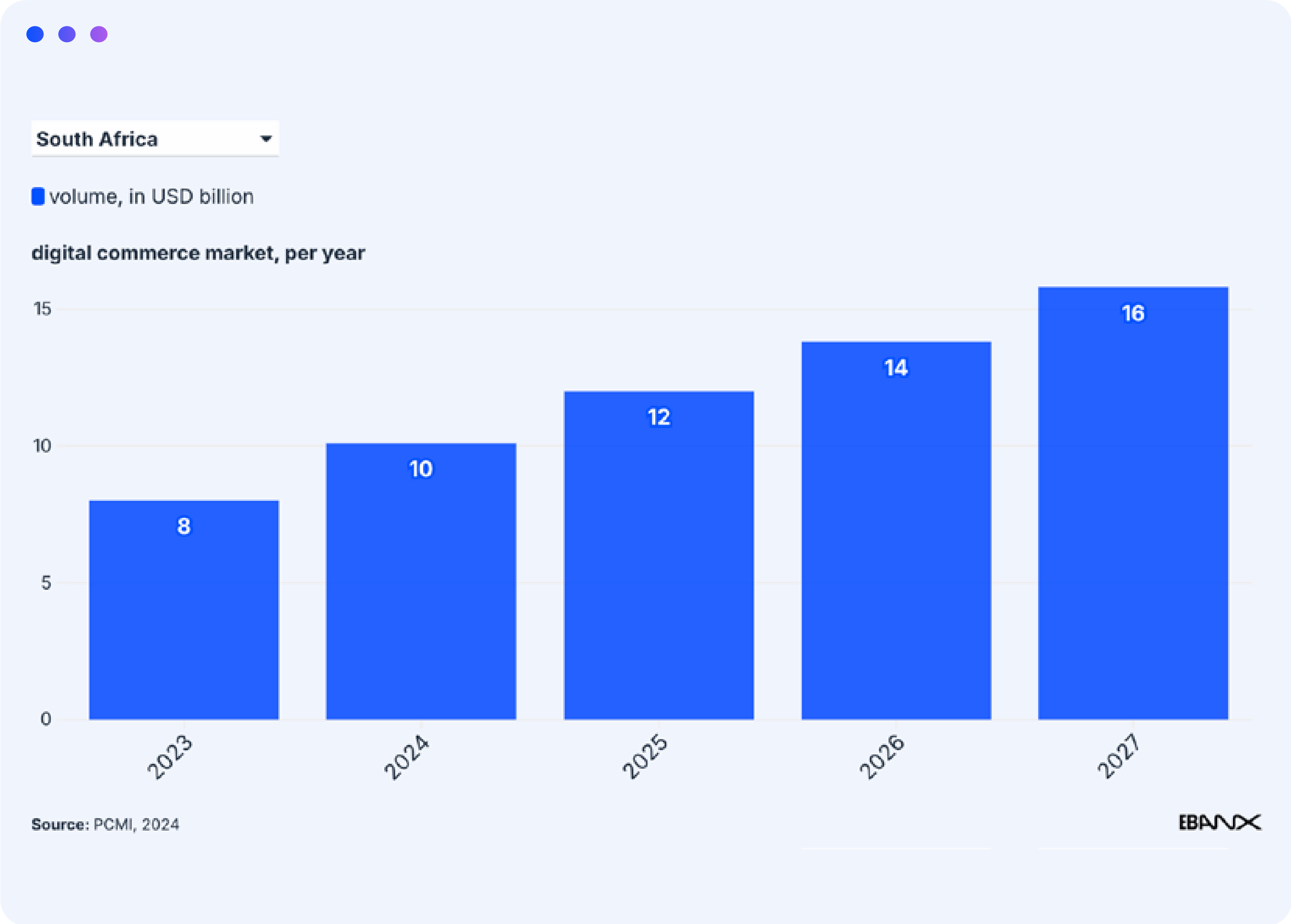


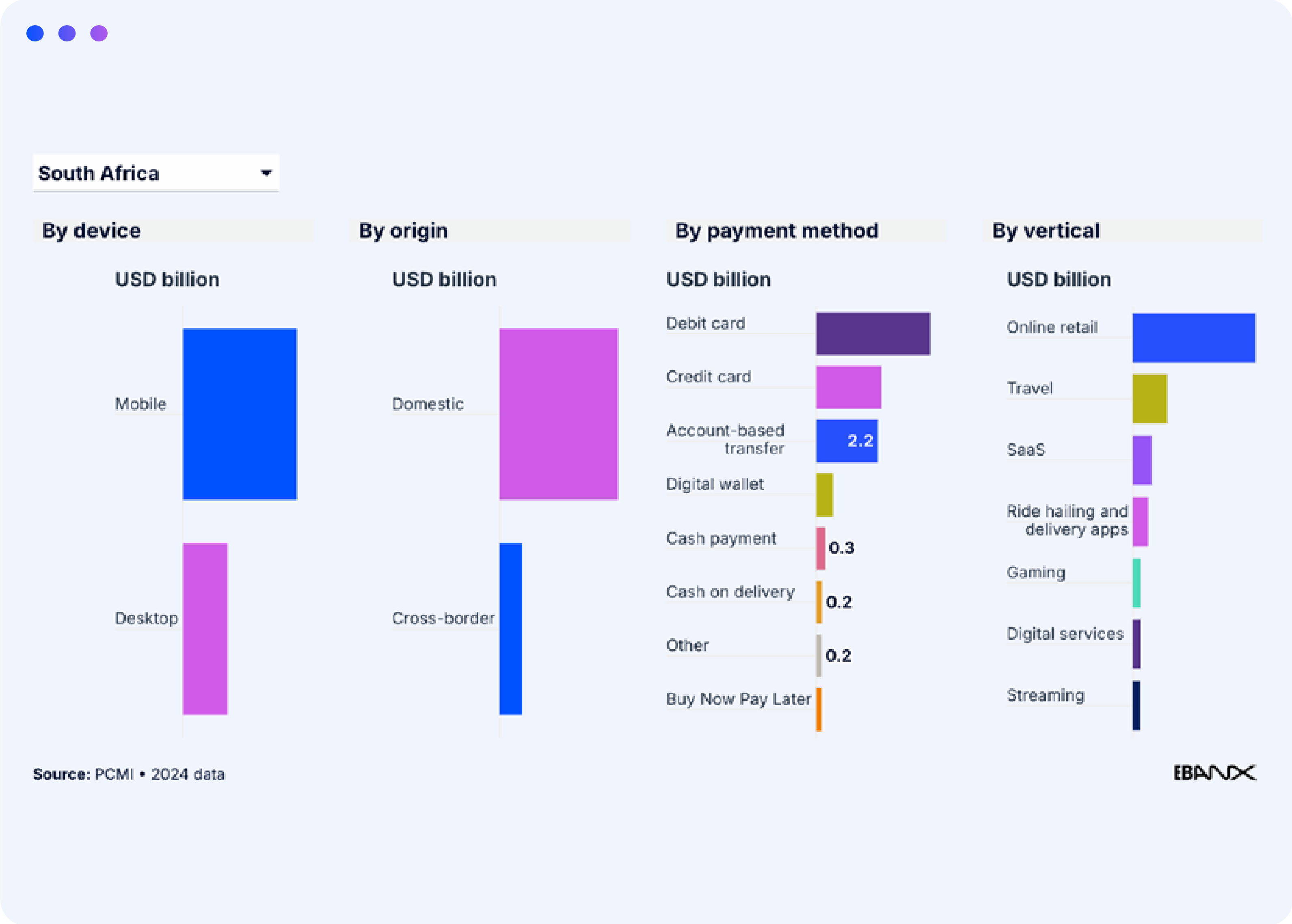
Peru
volume, in USD billion
digital commerce market, per year
60
40
20
0
29
37
46
53
60
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX



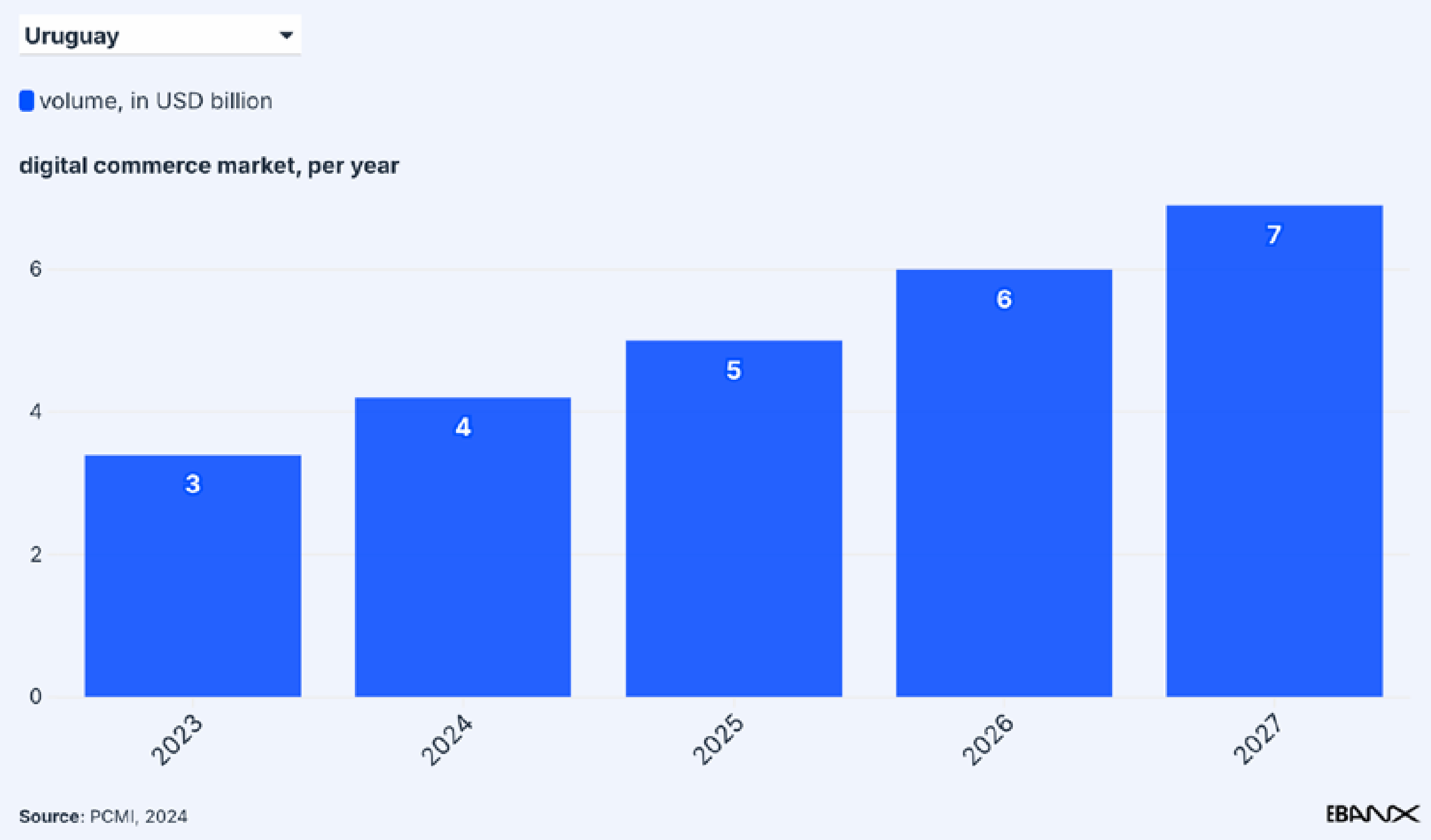
Peru
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Debit card
Credit card
PagoEfectivo
4.5
Digital wallet
Account-based transfer
0.7
Other
0.2
Buy Now Pay Later
By vertical
USD billion
Online retail
Digital services
Travel
Ride hailing and delivery apps
Gaming
Streaming
SaaS
Source: PCMI • 2024 data
EBANX

South Africa





Uruguay



Uruguay
volume, in USD billion
digital commerce market, per year
6
4
2
0
3
4
5
6
7
2023
2024
2025
2026
2027
Source: PCMI, 2024
EBANX

Uruguay
By device
USD billion
Mobile
Desktop
By origin
USD billion
Domestic
Cross-border
By payment method
USD billion
Credit card
Account-based transfer
0.6
Debit card
Digital wallet
Cash payment
0.1
Other
0.1
Buy Now Pay Later
By vertical
USD billion
Online retail
Travel
SaaS
Digital services
Ride hailing and delivery apps
Streaming
Gaming
Source: PCMI • 2024 data
EBANX

ON THE SAME PAGE

To make sure we are on the same page, here is a small glossary of the main digital commerce concepts that are explored in this Beyond Borders study.

How do we define digital commerce?

In this study, digital commerce covers all online purchases of goods and services, regardless of the device or payment method used or vertical (including retail, travel, or digital goods and services). This includes purchases made with locally issued payment methods, cross-border purchases, B2C e-commerce, and B2B e-commerce that flows through a merchant's online website and payment gateway.

How do we define verticals?

Online retail
Physical products bought online from a marketplace or directly from a merchant, including department stores, independent shops, online-only retailers, grocery stores, etc. Groceries and restaurant purchases made through delivery apps are categorized in another specific vertical.

Travel
Airline tickets, car rentals, tour packages, and lodging purchased online

Ride-hailing and delivery apps
On-demand transportation and delivery services apps. Excludes payments made in cash.

Gaming
Spending on online games or in-game purchases, which can be played via mobile, desktop, or console. This does not include sports betting, online gambling, or games of chance.

Streaming
Video and music streaming, typically purchased as subscriptions.

SaaS (Software as a Service)
Software services that are accessed via cloud, rather than through the installation on a computer or device. Data considers both B2B and B2C purchases made via an online website or through a checkout process, including subscription and recurring payment models. Numbers do not include purchases not made through an official online checkout, such as invoice payments via online banking or wire transfer.

Digital services
Additional and varied digital goods and services, including online education, digital downloads, mobile top-ups, sports betting and online gambling, taxes, licenses, fees, and other payments done online over an e-commerce gateway (such as insurance, school tuition, etc.).

How do we define payment methods?

APMs (alternative payment methods)

Anything other than credit or debit cards. In this study, it includes online purchases made with cash-based vouchers and cash on delivery, but also digitized and instant payments such as digital wallets, account-based transfers, and other methods that you can find in the definition below.

Credit cards

All locally-issued credit cards.

Debit cards

All locally-issued debit cards.

Account-based transfers

Transfer solutions that work through digital, fintech-offered accounts, or traditional bank accounts – also called **A2A (account-to-account) transfers**. This includes proprietary bank transfer solutions developed by individual banks, account-based transfers enabled by an aggregator, real-time payment systems, or transfers made on a bank consortium platform. Examples include UPI (India), Pix (Brazil), Botón PSE (Colombia), Debin (Argentina), Netbanking (India), SPEI (Mexico), and EFT (South Africa).

Cash payments

Enable shoppers to make a cash payment for an online order through a bar code, a unique PIN, or even a QR code. Payments are usually made at an affiliated physical location or, in some cases, through internet banking, online bank transfer, or digital wallets. Examples include **OXXO** in Mexico, **Boleto Bancário** in Brazil, and most of the volume from **Fawry** in Egypt and **PagoEfectivo** in Peru (note: Fawry and PagoEfectivo are considered hybrid payment methods since they now enable digital payments as well).

Cash on delivery

When customers pay for one online purchase at the time of delivery rather than in advance. This payment is typically made in cash, but in some markets, companies also accept card or digital payments at delivery.

PagoEfectivo

The most critical offline payment method in Peru, PagoEfectivo is currently a hybrid payment method that allows both cash payments and account-based transfers. It generates a voucher or a QR Code that can be paid offline in cash, through online banking, or using their digital wallet.

Fawry

Fawry is the most important offline payment method in Egypt. Initially created for cash payments, it has now evolved into a hybrid payment solution. When Fawry is integrated at a merchant's checkout, consumers can make payments using various methods, including cash vouchers (reference code) and cards through Fawry app (either credit, debit, or prepaid).

Digital wallets

A payment method that stores any funding source on file, including a credit card, debit card, account, or stored balance. Wallets use that funding source to remit payments. In this study, volumes in the "digital wallets" category are considered if one wallet brand is selected at checkout, even if a different funding source (such as a credit card) is ultimately selected as the funding source. Examples include card-on-file wallets such as PayPal and ApplePay, as well as stored balance wallets like Paga, TigoMoney and MercadoPago. Tokenized card wallets, or passthrough wallets, such as Apple Pay, are included under credit and debit card volume.

Mobile money

A mobile payment method based on active mobile lines (built into a SIM card) from telcos. Users are able to store and exchange funds using GSM network signals and USSD technology, not having to rely on an internet connection. The funds on mobile money accounts can be exchanged digitally and are withdrawable as –or depositable from– cash at authorized agent locales. Examples include M-PESA and Airtel Money.

Buy Now Pay Later (BNPL)

A payment button offered by a BNPL fintech that enables the shopper to finance the purchase at the time of checkout, with multiple payment methods, including credit cards, debit cards, account-based transfers or cash-based. It is offered worldwide but should have less traction in regions and countries where installments are predominant.

Other

This category comprises other payment methods not explicitly listed, including direct carrier billing, cash on delivery, payments at ATMs, and others.

Another important definition

Account ownership, in rising markets, is not a synonym for having a traditional bank account. It considers any account at a regulated institution, which includes banks but also fintech companies, mobile money providers, credit unions, microfinance institutions, or post offices.

Over the last couple of years, financial inclusion in rising economies has been increasingly done on the side of banks, through fintech companies, and other innovative solutions for payments and financial products and services.

This is why this study adopts the definition of "account-based transfers", and not "bank transfers" (as seen in this glossary), and why we consider that financial inclusion goes far beyond bancarization itself.

METHODOLOGY NOTES

To develop the market data and forecasts for this study, PCMI (Payments and Commerce Market Intelligence) used **two methodologies: 1) desk research, accessing both local and international public sources; and 2) interviews with key players in the industry.** Public sources include reports conducted by local industry chambers, e-commerce associations, and research firms, as well as government and central bank statistics and reports made public by local press and organizations such as the World Bank and affiliated international organizations. The authors adopted a critical approach, identifying the holes, errors, and inconsistencies in this data to prepare it for primary research.

Then, PCMI conducted interviews with local digital commerce industry stakeholders to clarify, deepen, and streamline data collected via secondary research. **Over 80 e-commerce and payments executives were interviewed** – including payment processors and acquirers, card issuers, online payment gateways, and payment service providers, as well as consultants and top merchants in all product verticals.

Once data was collected from primary and secondary sources, PCMI compared, cross-referenced, and triangulated all collected data points through rigorous analysis, leveraging the perspective of their historical data collected since 2015 to arrive at the final results. In some charts, numbers might be rounded up, adding up to slightly more than 100%.

Projections are calculated based on the opinion of industry stakeholders and account for factors such as inflation, GDP growth, and regulation.

This study also incorporates data from EBANX, World Data Lab, Statista, eMarketer, the World Bank, the IMF, the UN, GSMA, ACI Worldwide, Euromonitor International, central banks, government agencies, and other organizations, as referenced throughout the text.