



KoreFusion 2020 LATAM Fintech Report

Partners To The International Fintech, Payments And
Financial Services Industries

Summer 2020

San Francisco • New York • Mexico City • São Paulo • Singapore • Mumbai

KoreFusion provides strategy consulting and M&A advisory services exclusively for the international fintech, payments and financial services industries.

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Our Experience

25 Years As Strategy Partners And M&A Advisors To The International Fintech, Payments, And Financial Services Industries.

We Advise Companies Across The Industry Spectrum; From Fintechs and Established Payments Companies, To Clearinghouses, Regulators, and Investors.

Our Expertise

- **Faster / Real-Time Payments**
- **Push & Account-to-Account Payments**
- **B2B & Commercial Payments**
- **P2P & P2M Payments**
- **Consumer & Commercial Card Products**
- **Merchant Acquiring & Payment Processing**
- **Money Transfer & Remittances**
- **Supply Chain Digitization & Finance**
- **Digital Banking, Infrastructure & Emerging Models**
- **Digital Currencies & Super Platforms**

www.korefusion.com

A Small Note Of Thanks

Marisa Richetta
Chief of Staff



Dear Reader,

One of the biggest frustrations we hear our clients vent about regarding existing fintech maps and databases for Latin America is the lack of centralized insights at the category and subcategory level that can help improve strategy and investment allocation. Filling this lack of data and insight is the driver behind this report.

We sympathize, but we also know that providing this is a bigger challenge than it may seem. The sector is vibrant and ever shifting, but data is also patchy and the industry as a whole generally lacks a central rallying point or entity to collect information and serve as a lobbyist and spokesperson.

To be sure, we have much to thank to those individuals and organizations who took the first steps before us. This report stands on their shoulders, and we hope that as a community we can continue to build on each other's improvements. This is the driving reason behind our providing this report for free and asking the fintech community at large to help us improve it. At the end of our report we provide a list of the sources and organizations we referred to and wish to thank.

These will be stressful times and unfortunately many firms in the fintech sector will suffer from the economic fallout stemming from COVID-19. In the same breath, we expect multiple fintechs will find their business models and value propositions reinforced, and the market to be more eager to adopt them. We will emerge stronger if we collaborate and share.

Our hope is that by adding our grain of sand we help strengthen this fascinating sector.

We look forward to your feedback and are always at your service to help improve your strategy and investment efforts.

Stay safe and thank you from all of us at KoreFusion.

Marisa

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About This Report

- Introduction
- Approach & Definitions
- Categories & Subcategories Overview
- LATAM Fintech Country Snapshot

ABOUT THIS REPORT

See The LATAM Fintech Landscape Through Our Eyes

The inaugural **KoreFusion 2020 LATAM Fintech Report** adheres to a tighter definition of fintech while expanding the number of subcategories under review. The result is the most accurate curation of companies and data in today's market.

We established selection criteria that excluded many companies listed elsewhere—both big and small. Conversely, our criteria meant that some companies not listed elsewhere were included. This impacted Mexico and Colombia the most.

We recognize that our approach is conservative. Curating was not easy because there are many great ideas and companies out there. But a registered company is not the same as an active company. A fintech is not just an app or an e-wallet. Marketplaces are not the same as an open banking platform. APIs do not automatically make an incumbent a tech company.

We reserved banks, embedded fintech, and foreign fintechs operating in the region for a separate layer of analysis.

Why Is This Report Different?

Actionable

This report is more than just a list and a map. You can use this report and its insights as the basis for a playbook to engage with fintechs in Latin America.

One Stop Shop

Need more? At your service. We are a strategy consulting and M&A advisory firm that has been covering this sector for over a decade. We are partners to banks, processors, fintechs and the investment community.

Hands-On Experience

We can put ourselves in your shoes. Our team has experience as entrepreneurs and is mentor to both fintechs and incumbents. We are also active investors.

Curated By Experts

We did the heavy lifting for you. The best curation of existing maps, reports, and funding databases, coupled with the most robust categorization of fintech categories and subcategories.

Report Highlights



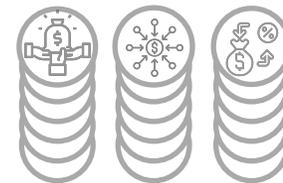
5
Markets

Brazil | Mexico | Chile
Colombia | Argentina



1,075
Companies

We filtered and scrubbed multiple reports and databases to get you only what is relevant.



45
Subcategories

The most comprehensive deep dive of subcategories.



~US\$ 8 B
In Reported Funding

Analysis of investment activity by: country | top funded categories | top funded fintechs

ABOUT THIS REPORT

A Better Definition Of Fintech

The Industry Defines Fintech Loosely And Many Companies “Misuse” The Term

Unfortunately, many existing lists and databases include companies that are not relevant or no longer exist. We therefore thought it necessary to tighten the definition of fintech in order to provide accuracy and consistency.

This report defines **fintechs** as companies that:

- Create innovative financial products;
- Develop technology to improve current processes;
- Use technology to promote access to the financial system.

We include fintechs that offer products or services directly to consumers, businesses, and those that act as intermediaries in the B2B market.

Types Of Companies We Excluded

Foreign Fintechs	<ul style="list-style-type: none"> • This report focuses exclusively on fintechs founded in the five countries analyzed. • Foreign fintechs operating in the region are not included in the report, but they are part of our fintech database, and we can provide further information upon request.
Some Blockchain Companies	<ul style="list-style-type: none"> • Blockchain is often lumped with fintech without considering whether it focuses on financial services. • Our study only considers companies using blockchain technology if these are developing or offering financial products and services.
Simple Comparison Sites	<ul style="list-style-type: none"> • “Simple” product /price comparison sites or tools are not considered fintechs in this report. • Our report only includes comparison platforms when these are backed by additional technology, e.g. some credit comparison platforms use a proprietary credit scoring solution.
Select Tech Categories	<p>Companies that are tangentially associated with financial services but do not provide technology to the financial system or create financial products themselves were excluded.</p> <ul style="list-style-type: none"> • Legaltech • Regtech • EdTech
Insurtech	<ul style="list-style-type: none"> • This category is often considered fintech, but in LATAM it is currently limited to product and price comparison platforms and is therefore not included in this report. KoreFusion is tracking the segment and will include new players in future editions, if warranted.

Types Of Companies We Added

B2B Financial Services	<ul style="list-style-type: none"> • B2B financial service fintechs suffer omission in existing maps and databases, likely because they self-report less than consumer-facing fintechs and live in the shadow of incumbent fintechs 2.0. We made space for innovators in e-invoicing, procure-to-pay, and receivables financing.
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ABOUT THIS REPORT

Curated By Experts

Our Approach

KoreFusion's proprietary database consolidates input from multiple sources. We complemented these sources with our proprietary database built from M&A advisory work and due diligence efforts on behalf of clients.

This report is more than a list and a map. It also presents general trends derived from our experience and knowledge of the region and the industry.

KoreFusion's Fintech Database is the engine behind this report. It can be used for more insights and can be coupled with our strategy consulting and M&A advisory services.

Let us know if you require more data or insights – chances are we have what you need.

KoreFusion's Fintech Report Process

A Create A Unique Database

We curate a wide-range of sources to provide a single reliable source. A company is included if it meets the following criteria:

1. Is a financial services technology company, or related company which provides a product or service which is integral to the business operations of fintechs.
2. Is active.
3. Operates in Brazil, Mexico, Chile, Argentina, or Colombia.

C Sort & Filter Companies

We filter the universe of potentially relevant fintechs, eliminate companies that are out of scope, and sort these into the right categories:

1. Identify relevant fintechs and categorize them according to their primary business activity (category) and primary use case (subcategory).
2. Add secondary functions in order to refine the subcategory level classification.
3. Add secondary geographies in which they are active.

B Define Categories In A Better Way

We define relevant categories of fintechs and provide the most thorough list of subcategories:

1. Created a tight taxonomy of relevant fintechs based on use case and business model.
2. Developed a list of 12 categories and 45 subcategories.

D Provide Fintech Highlights

We conduct analyses and generate insights about the market:

1. Determine the most prevalent types of fintechs by category and subcategory, regionally, and by country.
2. Identify the highest funded fintech categories.
3. Conduct an analysis to understand the industry's maturity at a country level and draw relevant insights.

ABOUT THIS REPORT

We Started At 2,800 And Landed At 1,075 Relevant Fintechs

We researched all the commonly referenced fintech reports and databases and compared them to our proprietary database.

We then identified all potentially relevant categories of fintechs and sorted the database into our improved and expanded list of categories and subcategories.

Finally, we added a country filter and added funding data for each fintech from a wide number of sources.

Solutions embedded in e-commerce or banks, and foreign based companies were not included but are tracked for future classification.

Unsubstantiated companies that show no signs of activity and may be defunct or unseeded remain in our database and helped add to our understanding of maturity and trends.

1. Using A Broad Set Of Criteria Across Many Sources, We Identified 2,800 Companies In Five Markets

Geography

We analyzed the five largest economies in LATAM:

1. Brazil
2. Mexico
3. Argentina
4. Colombia
5. Chile

We categorized companies based on their corporate headquarters, and not on their primary revenue market. Foreign fintechs which operate in the target countries were excluded.

Search Criteria

To avoid missing potentially relevant fintechs, we first used a very broad definition of fintech. We included any company offering financial services or enabling financial services. As a result, our initial universe included many companies that were not true “tech” companies, much less fintechs. These companies were filtered and not included in our Fintech Report.

Sources

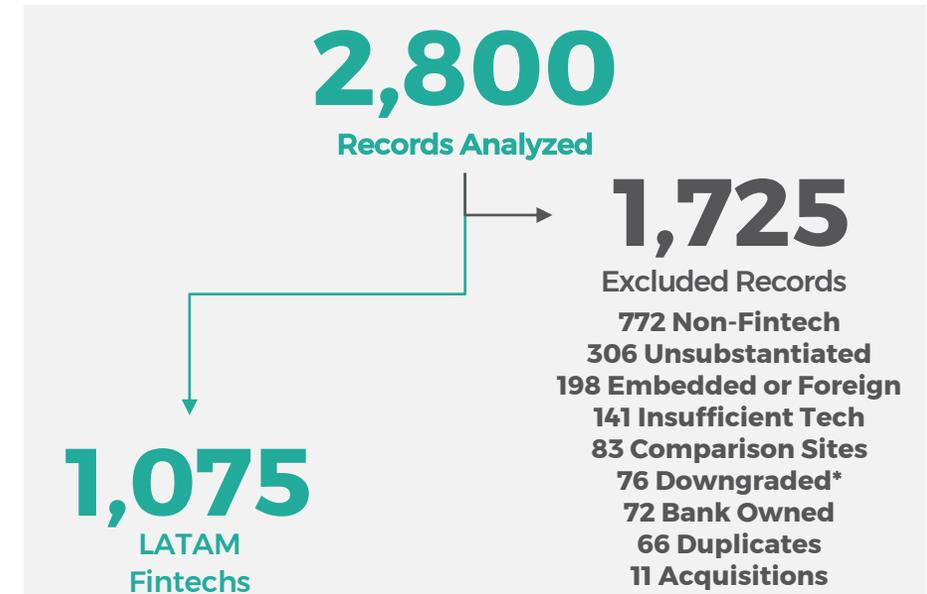
The sources drew companies from:

1. VC Investment Databases
2. Diverse Fintech Industry Reports
3. Chambers of Commerce
4. Industry Publications
5. Proprietary KoreFusion Fintech Database
6. Our Experience

2. We Filtered Down To 1,075 Relevant Fintechs

The main reasons for exclusion were:

1. The company is not relevant (not a fintech or not active in one of the relevant categories).
2. The fintech is no longer active.
3. It is a foreign fintech.



ABOUT THIS REPORT

We Identified 12 Fintech Categories

According To Their Main Business Activity



Blockchain

Fintechs that use blockchain as a core enabler of their business model.



Crowdfunding

Platforms that enable individuals, organizations, and companies to launch funding campaigns and receive donations via the internet.



Cryptocurrencies

Fintechs whose business models are primarily based on the use of encrypted digital tokens.



Digital Banks

Fintechs that offer regulated banking services which are delivered exclusively or predominately through digital channels.



Enterprise Financial Management

B2B fintechs that provide technology that is primarily used by downstream businesses to enable financial services.



Fintech As A Service

B2B fintechs that offer regulated or unregulated banking services to downstream companies, normally on a white label or open-platform basis.



Lending

Fintechs that enable or provide business and/or consumer lending.



Payments

Fintechs that provide or enable payment services or technology.



Personal Financial Management

Platforms that enable individuals to optimize their financial needs by providing services such as tax advisory, savings planning, and debt management.



Remittances & Foreign Exchange

Fintechs that specialize in domestic and cross-border remittance, as well as foreign currency exchange.



Scoring, Identity & Fraud

Fintechs that specialize in providing risk scoring, customer identity services (e.g. KYC), and fraud detection.



Wealth Management

Fintechs that enable personal or corporate wealth management through primarily digital means (e.g. asset management).

ABOUT THIS REPORT

We Created the Most Comprehensive List of Subcategories: 45

The 12 Fintech Categories Were Further Delineated By Business Activity And Subdivided Into 45 Subcategories

Blockchain

- Blockchain

Crowdfunding

- Agroinvestment
- Real Estate Funding
- Startups & microSME Investment
- Social Cause Funding

Cryptocurrencies

- Digital Currencies
- Marketplaces (Buy & Sell Crypto)

Digital Banks

- Digital Banks (Held by Traditional Banks)
- Neobanks

Enterprise Financial Management

- AR Solutions
- AP Solutions
- AR & AP Solutions
- ERPs With Procure-To-Pay Functionality
- E-Invoicing
- Financial Reporting
- Payroll & Benefits
- Travel & Expense Management
- Treasury

Fintech As A Service

- Other Banking Services
- Payments Enablers
- Risk Management Solutions
- Technology Enablers

Lending

- Business Lending
- Consumer Lending
- Consumer & Business Lending
- Receivables Financing

Payments

- Billing Platforms
- E-Wallets
- Loyalty Currencies
- mPos & Alternative Payment Acceptance
- Payment Gateways & Portals
- Prepaid Cards & Other Card Products
- Processing

Personal Financial Management

- Debt Negotiation
- Financial Planning & Management
- Savings & Purchase Planning
- Tax Advisory

Remittances & Foreign Exchange

- Foreign Exchange
- Remittances

Scoring, Identity & Fraud

- Fraud
- Identity
- Scoring

Wealth Management

- Investment & Trading Platforms
- Retirement & Pension Planning
- Roboadvisors

ABOUT THIS REPORT

45 Fintech Subcategory Definitions

Within The 12 Main Categories, We Identified 45 Subcategories Of Fintechs. Fintech Subcategories Were Delineated By Use Case.

Category	Subcategory	Definition
Blockchain	Blockchain	Fintechs that use blockchain as a core enabler of their business model.
Crowdfunding	Agroinvestment	Fintechs that specialize in raising funds to invest in agrobusiness projects.
	Real Estate Funding	Crowdfunding platforms specialized in raising funds for real estate projects.
	Social Cause Funding	Fintechs specialized in raising money to fund socially conscious projects (e.g. for non-profits or social enterprises).
	Startup & microSME Investment	Platforms that enable individuals to contribute a small amount of money and raise capital for new ventures.
Cryptocurrencies	Digital Currencies	Fintechs whose business models are primarily based on the development of digital assets designed to work as a medium of exchange and/or secure financial transactions.
	Marketplaces (Buy & Sell Crypto)	Fintechs whose business models are primarily based on the trading of digital token currencies.
Digital Banks	Digital Banks (Held by Traditional Banks)	Digital banks that are owned by incumbent banks but are marketed as unique offerings or independent banks.
	Neobanks	Fintechs that offer regulated banking services that are delivered exclusively or predominately through digital channels and are not owned by incumbent banks within their home markets.
Enterprise Financial Management	AP Solutions	B2B fintechs that provide services related to managing accounts payable.
	AR Solutions	B2B fintechs that provide services related to managing accounts receivable.
	AR & AP Solutions	B2B fintechs which provide services related to managing both accounts payable and accounts receivable.
	E-Invoicing	Fintechs that provide enterprises and/or individuals with services to digitize invoices, usually following governmental guidelines.
	ERPs With Procure-To-Pay Functionality	Enterprise resource planning software with integrated e-invoicing, procurement or payment capabilities.
	Financial Reporting	B2B fintechs that provide financial reporting and compliance software and solutions.

ABOUT THIS REPORT

45 Fintech Subcategory Definitions (Continued)

Within The 12 Main Categories, We Identified 45 Subcategories Of Fintechs. Fintech Subcategories Were Delineated By Use Case.

Category	Subcategory	Definition
Enterprise Financial Management	Payroll & Benefits	Fintechs that provide solutions to help companies provision payroll and benefits to their employees.
	Travel & Expense Management	B2B fintechs that provide solutions that assist companies in monitoring and managing employee expenses.
	Treasury	B2B fintechs that provide services to assist corporate treasury functions (e.g. cash management, investments, etc).
Fintech As A Service	Other Banking Services	Fintechs that provide banking services which do not fit into any other subcategory.
	Payments Enablers	Fintechs that offer payment solutions to downstream companies, normally on a white label or open platform basis (e.g. management platforms for prepaid cards or e-wallets).
	Risk Management Solutions	B2B fintechs that specialize in helping companies manage financial risk or risks related to the provision of financial services (e.g. credit, AML, operational, liquidity).
	Technology Enablers	B2B fintechs that developed technology to enable financial institutions to offer any product/service related to the other subcategories mentioned in this report.
Lending	Business Lending	Fintechs that originate or facilitate lending to businesses, including the disbursement of funds.
	Consumer Lending	Fintechs that originate or facilitate lending to consumers, including the disbursement of funds.
	Consumer & Business Lending	Fintechs that originate or facilitate lending to both businesses and consumers, including the disbursement of funds.
Payments	Receivables Financing	Fintechs that enable corporate lending based on the accounts receivable of the borrower.
	Billing Platforms	Fintechs than connect billing institutions with collection institutions or individual bill payers.
	E-Wallets	An electronic device or online service that allows an individual to make electronic transactions and potentially store funds.
	Loyalty Currencies	Fintechs that specialize in loyalty programs and enable customers to use these rewards as a payment method.
	mPos & Alternative Payment Acceptance	Mobile point-of-sale (mPOS) solutions and alternative payment acceptance solutions.
	Payment-Gateways & Portals	Customer-facing payment acceptance solutions for both offline and online merchants.

ABOUT THIS REPORT

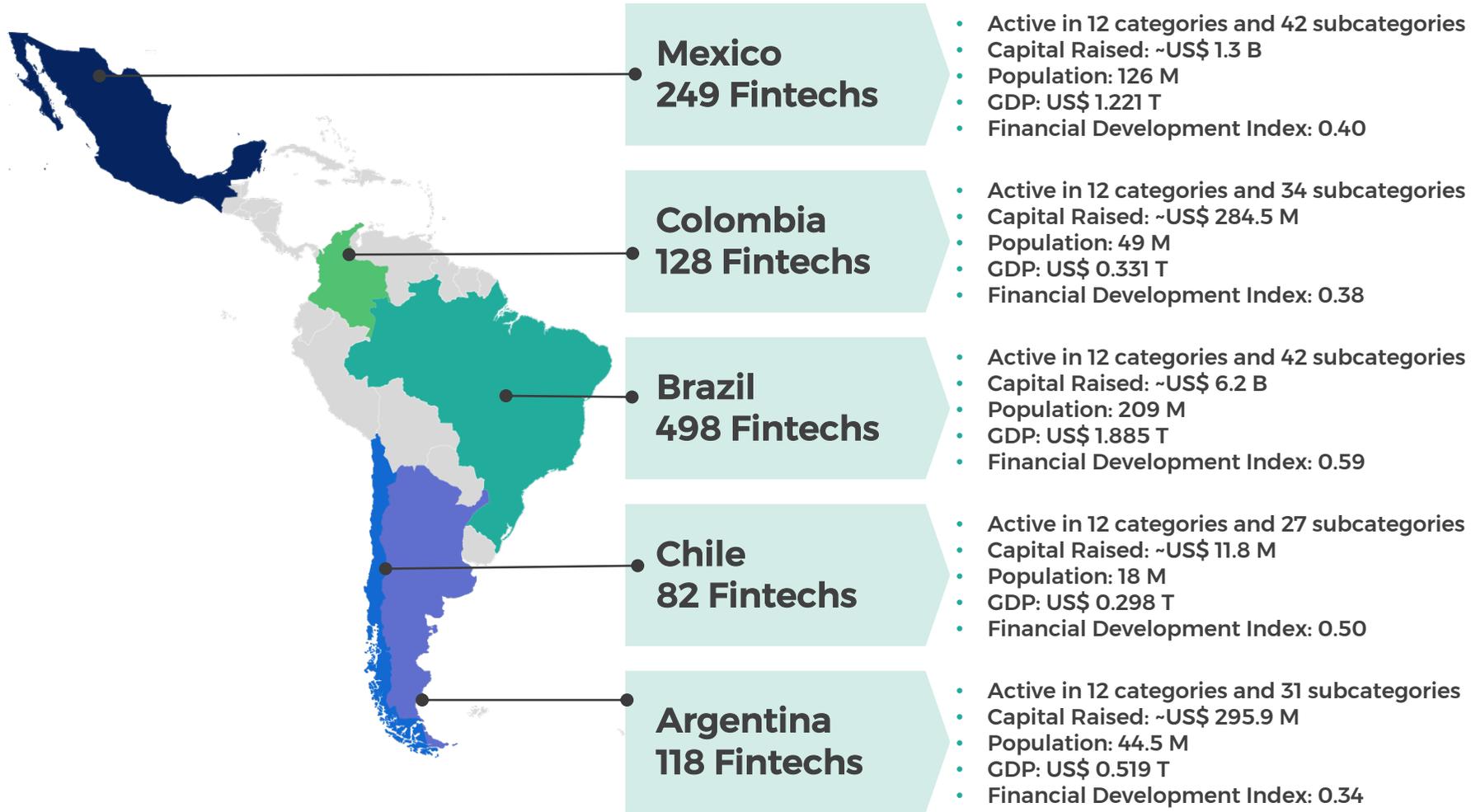
45 Fintech Subcategory Definitions (Continued)

Within The 12 Main Categories, We Identified 45 Subcategories Of Fintechs. Fintech Subcategories Were Delineated By Use Case.

Category	Subcategory	Definition
Payments	Prepaid Cards & Other Card Products	Fintechs whose business primarily involves the issuance of prepaid cards and other non-credit card based solutions.
	Processing	Fintechs whose primary business model is providing back end payment processing for multiple payment channels.
Personal Financial Management	Debt Negotiation	Fintechs that primarily provide services (legal & financial advice) to assist consumers with problems of over-indebtedness.
	Savings & Purchase Planning	Fintechs offering tools (e.g. Virtual Piggy Bank) that enable users to save money in a simple way, usually with a specific short or mid-term objective (e.g. buying tickets for a concert).
	Financial Planning & Management	Fintechs that specialize in providing services to optimize financial management (e.g. platforms to consolidate financial overview of many bank accounts or credit cards).
	Tax Advisory	Fintechs that primarily provide tax accounting services in order to minimize tax payables while remaining compliant with the law.
Remittances and Foreign Exchange	Foreign Exchange	Fintechs that specialize in the development of trading platforms to buy and sell foreign exchange.
	Remittances	Fintechs that specialize in domestic & cross-border remittances.
Scoring, Identity & Fraud	Fraud	Fintechs that specialize in providing fraud detection services (e.g. AML).
	Identity	Fintechs that specialize in providing customer identity services (e.g. KYC, biometrics identification).
	Scoring	Fintechs that specialize in providing risk or credit scoring services.
Wealth Management	Investment & Trading Platforms	Online trading platforms used to place orders for financial products (e.g. stocks, bonds).
	Retirement & Pension Planning	Fintechs that offer digital retirement/pension planning services (process of determining retirement income goals).
	Roboadvisors	Fintechs that specialize in digital platforms that provide automated, algorithm-driven financial planning services with little to no human supervision.

ABOUT THIS REPORT

LATAM Fintech Country Snapshot: The Number Of Fintechs Is Not Everything



Fintech Winners Podium

Subcategory Activity	Capital Raised As % Of GDP	Fintechs Per Population M	Fintechs Per GDP \$100 B	Avg. Funding Per Fintech

Gold
 Silver
 Bronze

Categories & Subcategories

- Market Dynamics & Considerations
- Fintech Distribution by Category
- Fintech Distribution by Subcategory

CATEGORY

A Word About Ranking Categories

Jan Smith
Co-Founder



Dear Reader,

If you are reading this report, you likely want to know which fintech sectors to watch for growth and which ones face difficulties and pressure to change.

Rankings are like family recipes: everybody has a favorite. Our taste is subjective, yes, but please rest assured there is a method to our madness, and our analyses and scoring criteria are locally farmed and sourced.

There are ingredients intrinsic to the database such as population of fintechs in a given sector, maturity, or reported funding trends. We also add a dash of feedback from founders, investors and incumbent financial players. Last, but definitely not least, we sprinkle in a good dash of our sector expertise for good measure.

Bad cooking analogies aside, we do know a thing or three about fintechs and financial services. In our roles as strategists and advisors, we have sized many categories on behalf of fintechs and investors, designed payment products for incumbents, and can sprangle about national payment hubs and regulation. In short, we understand where to seek trends or scope out subtleties in the data. If in doubt, we know who to ask.

Harboring a Unicorn or having the greatest number of fintechs is not enough for us to classify a category as worthy of watching. Inversely, categories that have but a handful of fintechs are not necessarily facing challenges or under pressure to change. In fact, we might think they make perfect categories to watch because they are overlooked.

Similarly, a category may be attractive to investors, but we disagree with the fundamental economics or value proposition underpinning the category. Perhaps a category is moving along nicely but we see regulatory and economic storm clouds that will upend growth. Sometimes the introduction of a new payment messaging standard by regulators will set off a set of circumstances that challenge or favor a category.

We did the heavy lifting, and to make the process simple and straightforward for you, we assigned each category to one of three easy to understand cohorts:

1. Categories to watch
2. Categories deserving an honorable mention
3. Categories facing pressure to change

Of course, if you have any questions or comments, we are glad to schedule a call. We are a curious bunch and are always glad to learn something new.

Thank you,

Jan

CATEGORY

Headers You Will Find In This Section

For Each Category

Categories To Watch

- Categories that hold fintechs that combined could meaningfully impact the financial system within the next five years.
- Categories that are poised to deliver multiple solid fintechs.
- Categories overlooked by investors.

Honorable Mention

- Categories with solid value propositions that are still in early growth.
- Categories that are complicated but will offer first movers outsized rewards.
- Categories that are attracting strategic or global investors.

Pressure To Change

- Categories that show signs of saturation and could witness consolidation.
- Categories that face softening funding or are distressed.
- Categories whose value proposition or business model is strongly challenged.
- Categories facing regulatory and macro-economic hardships.

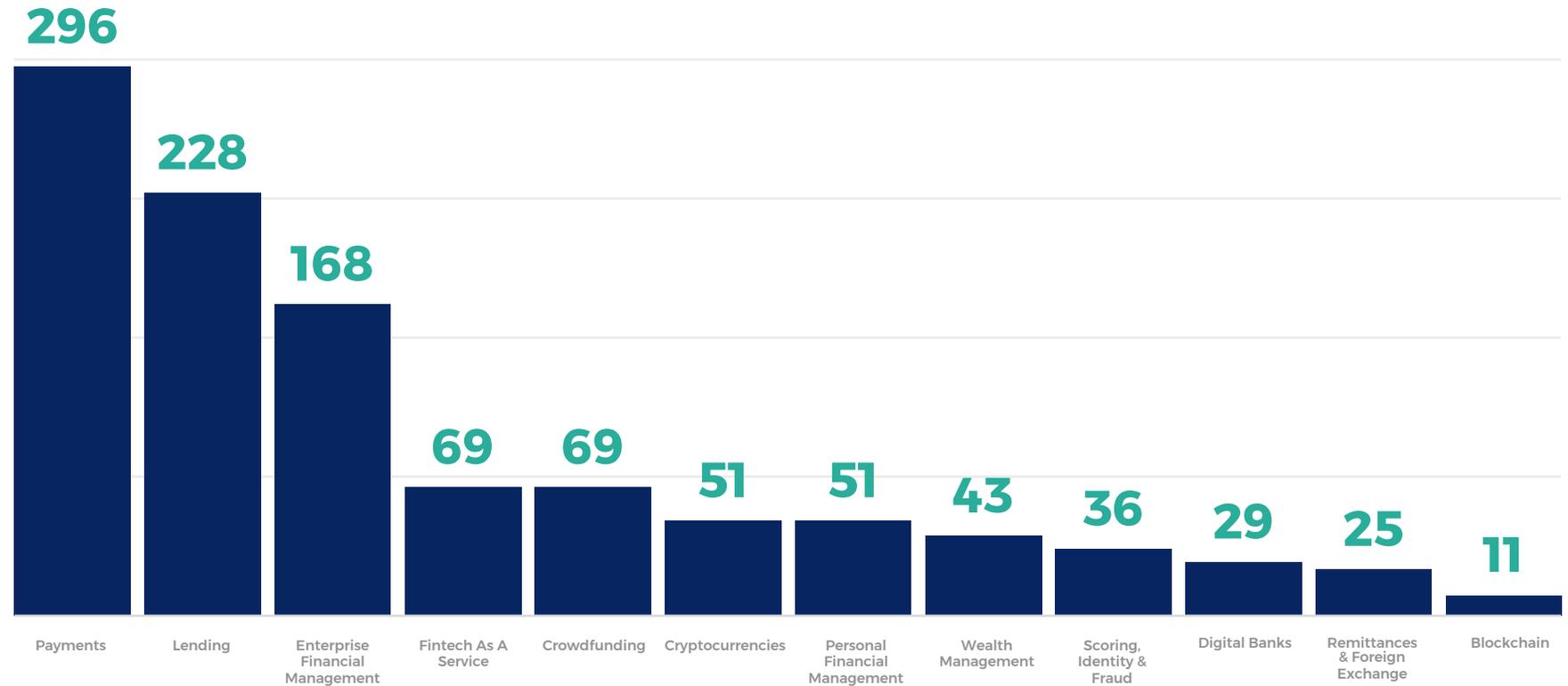
CATEGORY

LATAM

Fintech Distribution By Category

- Unsurprisingly, the most subscribed regional categories are **Payments** and **Lending**. They represent 49% of all fintechs and house some of the largest or most valuable fintechs.
- **Digital Banks** are making great headlines and it will be interesting to watch incumbents test their digitized avatars (that we did not include in this report) against neo-banks.
- **Enterprise Financial Management** has considerable room to grow and it is too soon to call any winners.
- How Open Banking and Central Bank Digital Currency regulation pans out will affect **Fintech As A Service**, **Cryptocurrencies**, and **Blockchain**.
- **Remittances & Foreign Exchange** are sleepers waiting to meet the right Super App.

Regional Distribution Of 1,075 Fintechs Across 12 Categories



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations

CATEGORY



Fintech Distribution By Category

Categories To Watch:

- Digital Banks
- Enterprise Financial Management

Honorable Mention:

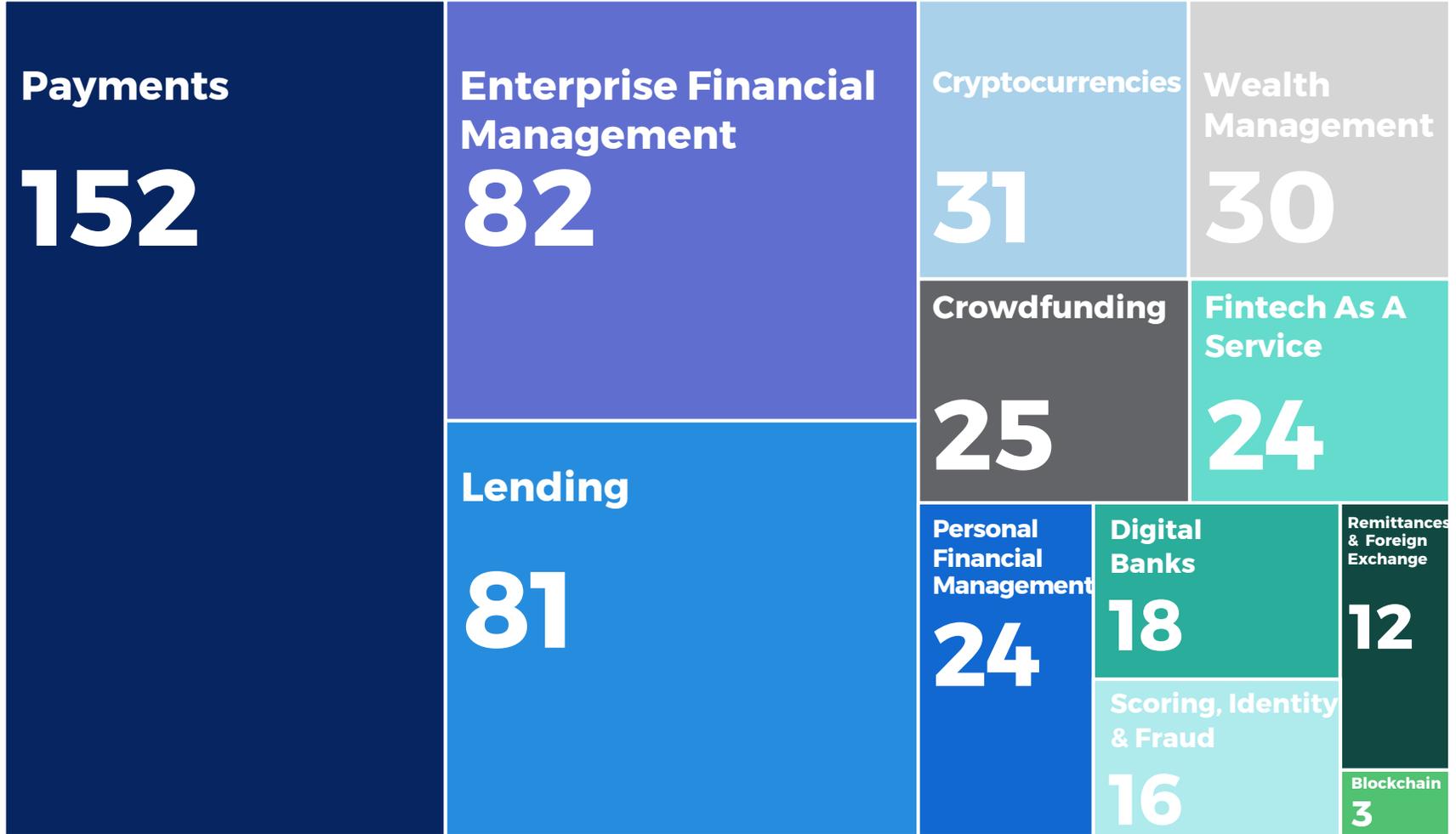
- Lending
- Fintech As A Service

Pressure To Change:

- Payments
- Crowdfunding



Distribution Of 498 Fintechs Across 12 Categories



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations

Distribution Of 249 Fintechs Across 12 Categories

CATEGORY



Fintech Distribution By Category

Categories To Watch:

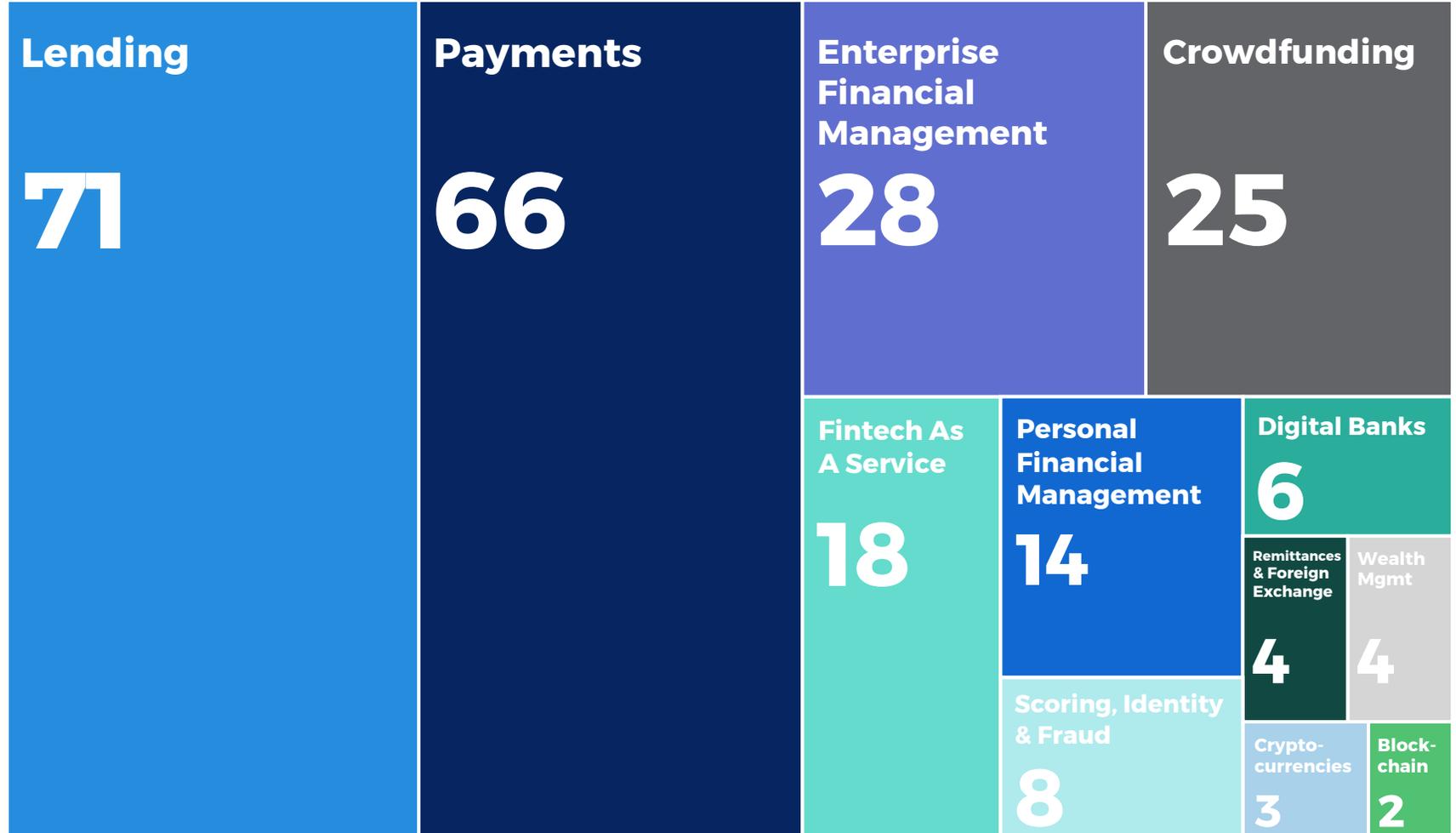
- Digital Banks
- Enterprise Financial Management

Honorable Mention:

- Remittances & Foreign Exchange
- Cryptocurrencies

Pressure To Change:

- Lending
- Payments



Distribution Of 128 Fintechs Across 12 Categories

CATEGORY



Fintech Distribution By Category

Categories To Watch:

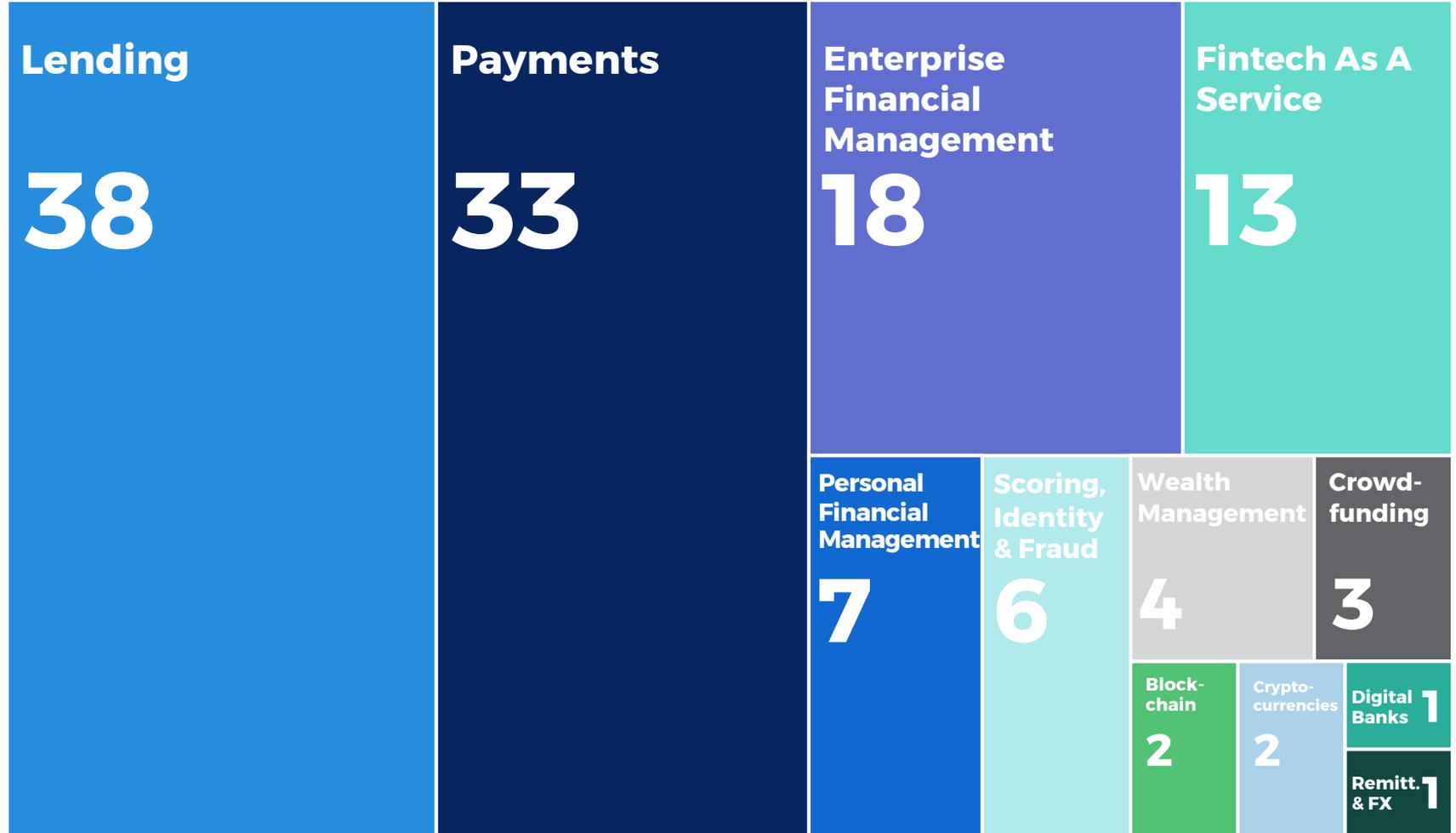
- Payments
- Fintech As A Service

Honorable Mention:

- Blockchain
- Scoring, Identity & Fraud

Pressure To Change:

- Crowdfunding



Distribution Of 118 Fintechs Across 12 Categories

CATEGORY



Fintech Distribution By Category

Categories To Watch:

- Payments
- Cryptocurrencies

Honorable Mention:

- Digital Banks
- Remittances and Foreign Exchange

Pressure To Change:

- Lending
- Crowdfunding



CATEGORY



Fintech Distribution By Category

Categories To Watch:

- Enterprise Financial Management
- Payments

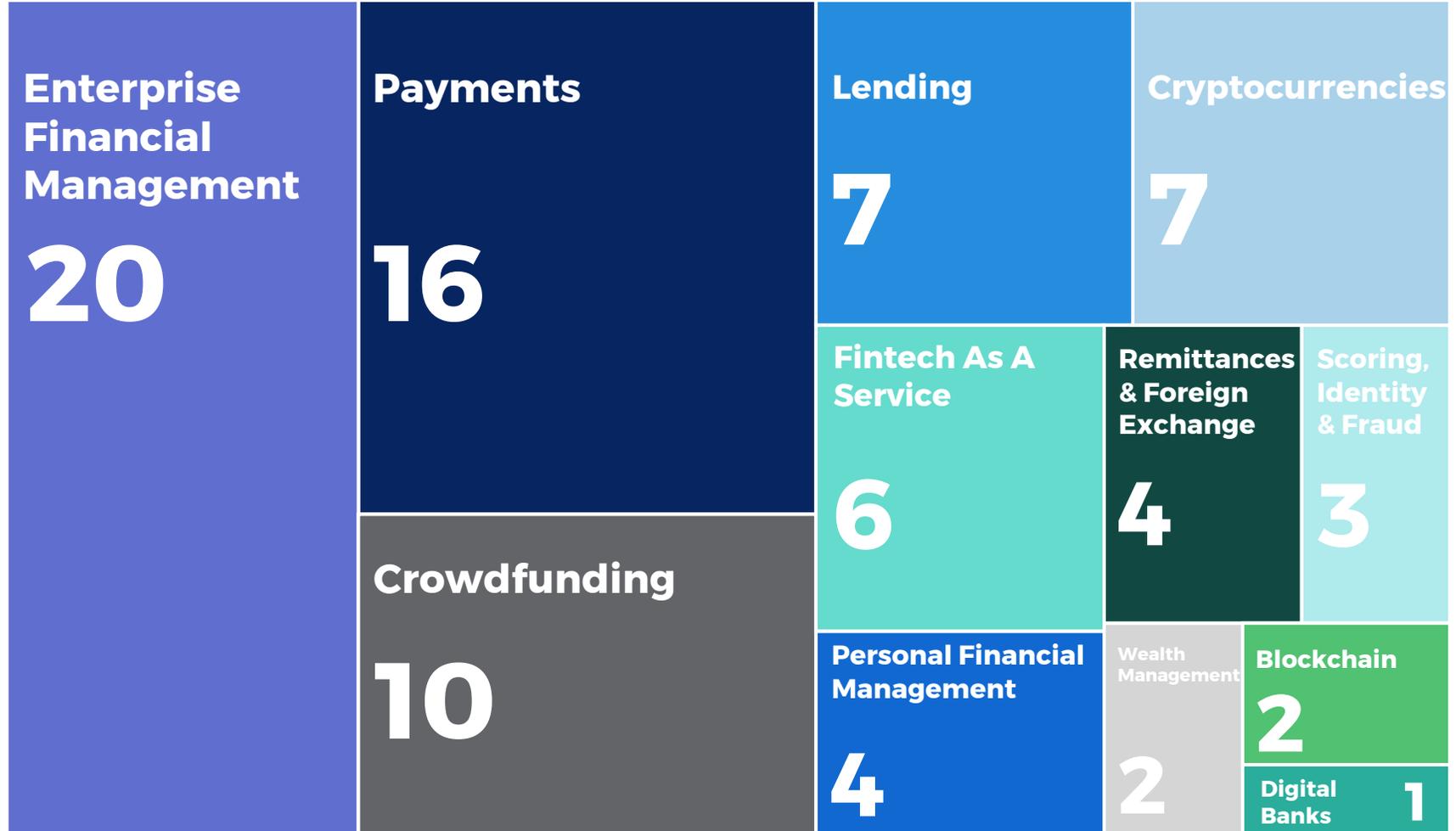
Honorable Mention:

- Crowdfunding
- Lending

Pressure To Change:

- Cryptocurrencies

Distribution Of 82 Fintechs Across 12 Categories



SUBCATEGORY

Another Word About Ranking Subcategories

Daniel Ben Aron
Fintech Subject Matter Lead



Dear Reader,

Thank you for accompanying us into the second chapter of this report.

The purpose of this section is to provide an improved overview at the subcategory level. The fintech industry is expanding rapidly and the subcategory definitions many of us are accustomed to are no longer sufficient to accurately reflect the diversity of the ecosystem. As investors eye the region more keenly, we heard a desire for cleaner borders around subcategories. Similarly, we had multiple fintechs express that the subcategories they were classified into were too confined and limited how peers and investors regarded them at first glance. In particular, we observed that B2B services and fintechs positioning themselves along the procure-to-pay value chain were overlooked.

We listened to feedback and herein present what we hope is an improved cartography that facilitates understanding of this rich field. We also tried to not go too far down the river and create a tool with so many streams that it becomes uncomfortable to use. Striking the right balance was admittedly a challenge because the richness and complexity of the fintech industry shows at the subcategory level, and players by intentional design are nimble and adapt quickly to shifting currents.

Many subcategories share similarities that challenge a tidy classification, but this also highlights the adaptability and symbiosis of fintech services. To follow one evolutionary branch as an example:

- Prepaid Card fintechs are transforming their core product and shifting toward E-Wallets.
- E-Wallets are used by Payroll fintechs to make loan disbursements.
- Payroll fintechs are teaming-up with Consumer Lending fintechs.
- Consumer Lending fintechs are pivoting toward Scoring.

To solve this entanglement, and particularly in cases where a fintech is exploring new terrain, we assigned companies to the subcategory that best fits their main product. We noticed two patterns in the region and present them as examples to illustrate how we made subcategory classifications:

Adjacent diversification: An AR Solution fintech entering Receivables Financing remains under its first classification until the moment their second line of business becomes the primary source of revenue.

Tangential diversification: A Debt Negotiation fintech investing in a Prepaid Card fintech to make disbursements retains the classification of the business making the investment although the brand of the second company is better known.

As with the Category chapter, we also thought it useful to provide an opinion regarding how different subcategories compare to each other. To do justice to the diversity of players, their specialization or adaptability, and how they interact amongst themselves, we thought it best to express this in terms of the space each subcategory has available for growth and its capacity to sustain diversity. This should not be regarded as a 'ranking' of subcategories, but instead as a description of the space they occupy.

The three categorizations we settled on are: 1. Growth Potential, 2. Complementarity, and 3. Saturation.

A large part of what motivates us to think this way is our desire to reflect the ever-advancing march toward collaborative platforms, open banking, and APIs. We believe this best expresses the platform and ecosystem business models that fintechs use to challenge the vertical push-based business models of incumbents.

Cheers,

Daniel

SUBCATEGORY

Headers You Will Find In This Section

For the 45 Subcategories

Growth Potential

- Subcategories where demand is not fully addressed and existing players have ample room to grow, but new players will be challenged.
- Subcategories that still have plenty of room for new players.

Complementary

- Subcategories that highly complement other fintech subcategories and have multiple growth paths. They may also pivot toward, absorb, or be tucked into the categories they serve.

Saturated

- Subcategories where demand is unlikely to sustain a large number of contenders.
- Subcategories with endogenous characteristics that do not allow many players to coexist regardless of demand, or subcategories with limited room for new players.

SUBCATEGORY

LATAM

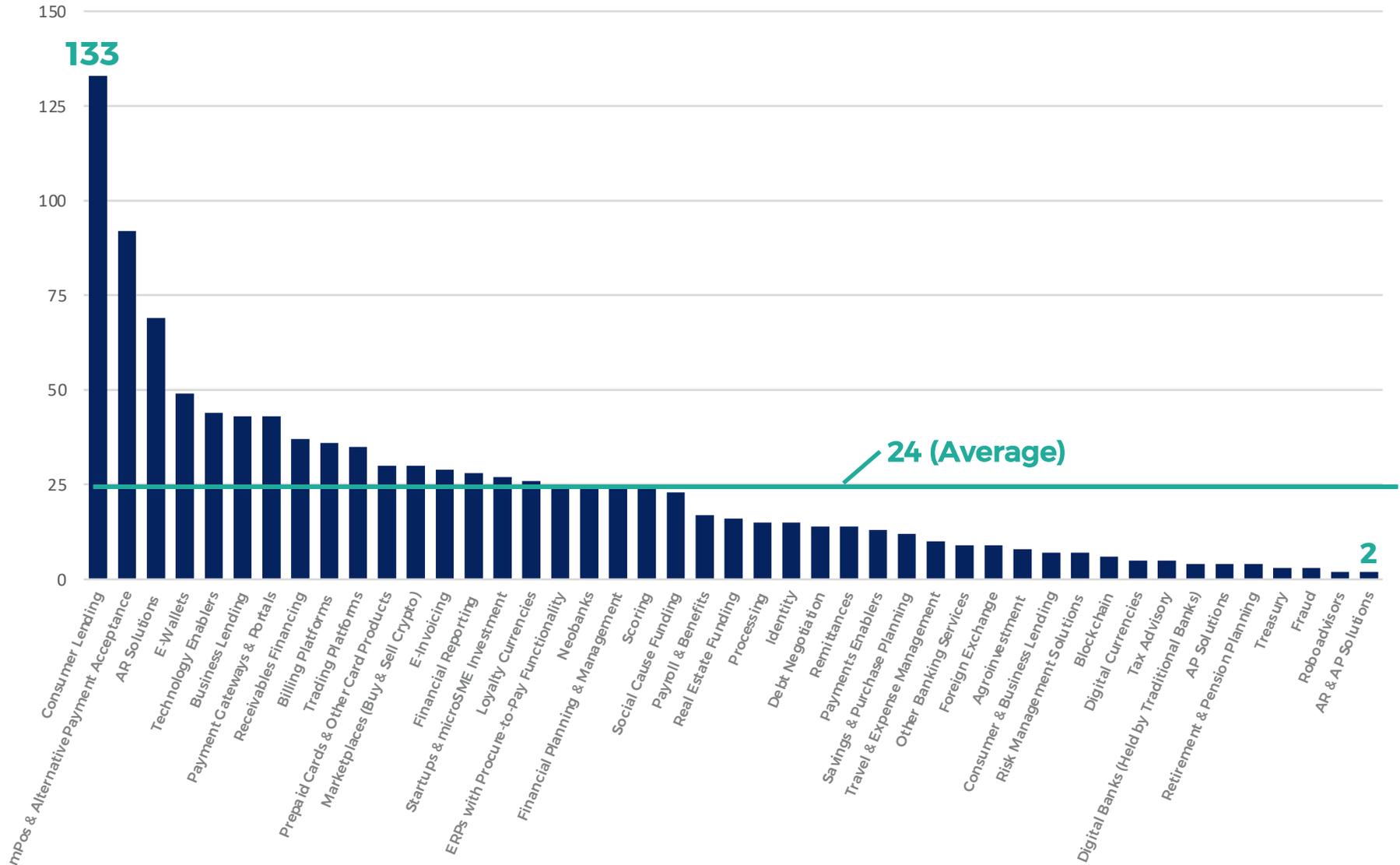
Fintech Distribution By Subcategory

Five of the top ten subcategories with the greatest number of fintechs are in the **Payments** category.

Three of the top ten subcategories with the greatest number of fintechs are in the **Lending** category.

Subcategories belonging to **Fintech As A Service** and **Enterprise Financial Management** are in the minority and demonstrate growing relevance.

Distribution Of 1,075 Fintechs Across 45 Subcategories



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations

SUBCATEGORY



Fintech Distribution By Category

Growth Potential:

- Technology Enablers
- Receivables Financing
- Payments Enablers

Complementary:

- E-Invoicing
- Neobanks

Saturated:

- mPos & Alternative Payment Acceptance
- Consumer Lending
- E-Wallets

Distribution Of 498 Fintechs Across 42 Subcategories



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations

SUBCATEGORY



Fintech Distribution By Category (Continued)

Zoom-In Of Other Subcategories

For Brazil, Other is comprised of subcategories that have six or less companies.



Distribution Of 48 Fintechs By Subcategory Marked As 'Other'



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations

SUBCATEGORY



Fintech Distribution By Category

Growth Potential:

- Remittances
- AR Solutions
- Receivables Financing

Complementary:

- E-Invoicing
- Technology Enablers

Saturated:

- Consumer Lending
- mPos & Alternative Payment Acceptance
- E-Wallets

Distribution Of 249 Fintechs Across 42 Subcategories



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations

SUBCATEGORY



Fintech Distribution By Category (Continued)

Zoom-In Of Other Subcategories

For Mexico, Other is comprised of subcategories that have three or less companies.



Distribution Of 32 Fintechs By Subcategory Marked As 'Other'



SUBCATEGORY



Fintech Distribution By Category

Growth Potential:

- Business Lending
- Receivables Financing
- AR Solutions

Complementary:

- Payments Enablers
- E-Invoicing

Saturated:

- Consumer Lending
- mPos & Alternative Payment Acceptance¹
- E-Wallets

Distribution Of 128 Fintechs Across 34 Subcategories



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations

SUBCATEGORY



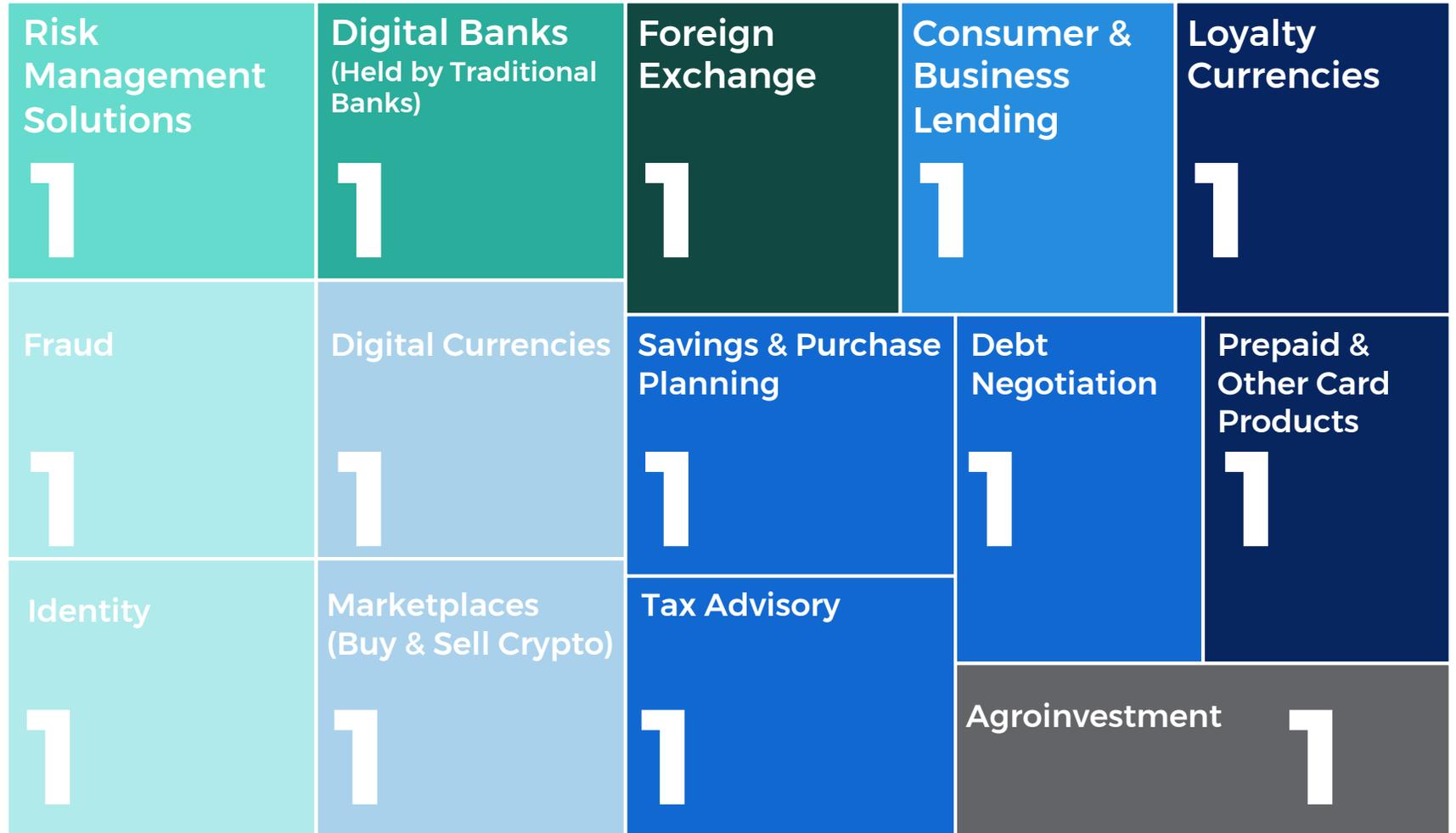
Fintech Distribution By Category (Continued)

Zoom-In Of Other Subcategories

For Colombia, Other is comprised of subcategories that have one company.



Distribution of 14 Fintechs By Subcategory Marked As 'Other'



SUBCATEGORY



Fintech Distribution By Category

Growth Potential:

- Foreign Exchange
- Receivables Financing

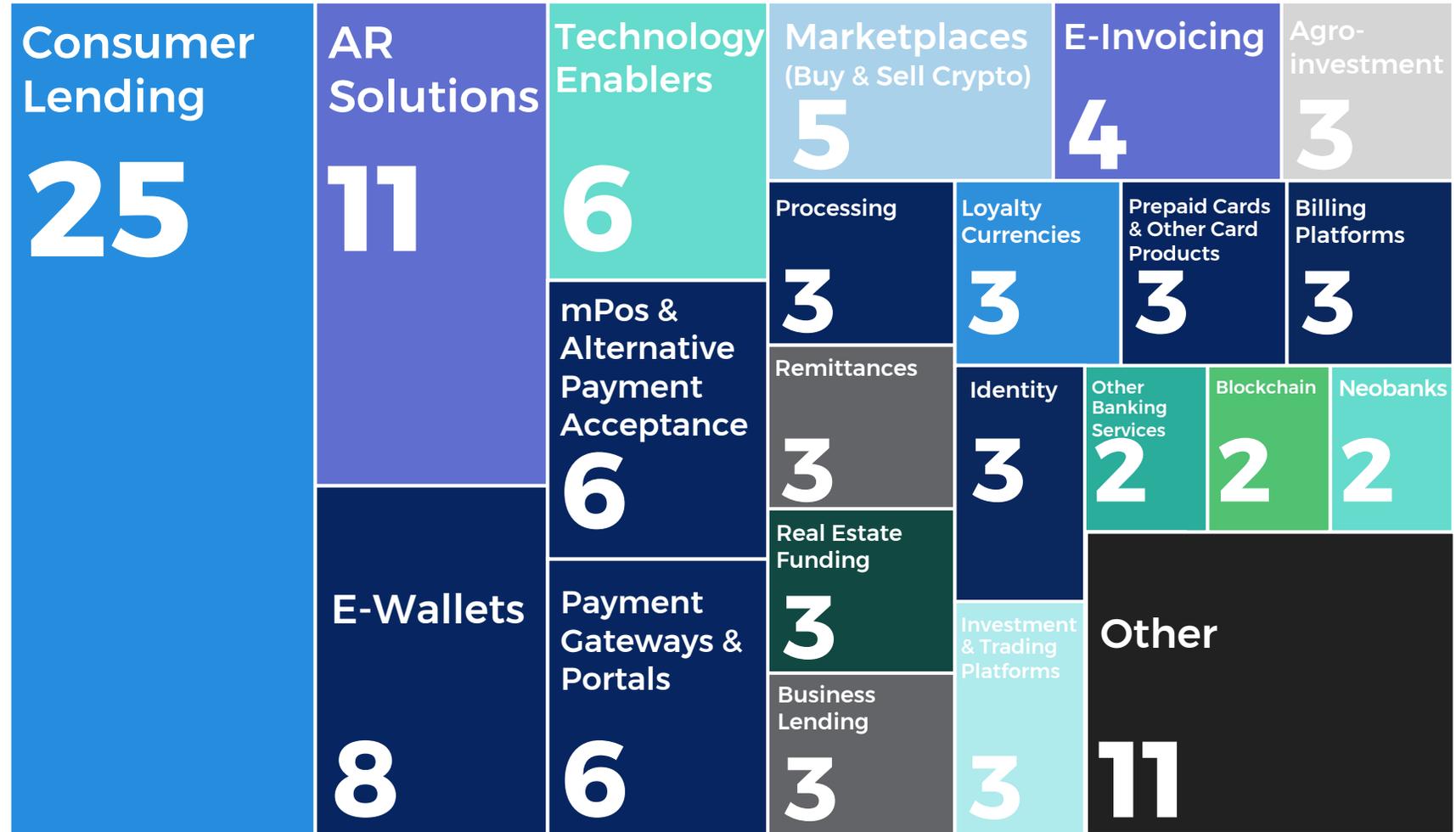
Complementary:

- Digital Banks
- AR Solutions

Saturated:

- Consumer Lending
- E-Wallets

Distribution of 118 Fintechs Across 31 Subcategories



SUBCATEGORY



Fintech Distribution By Category

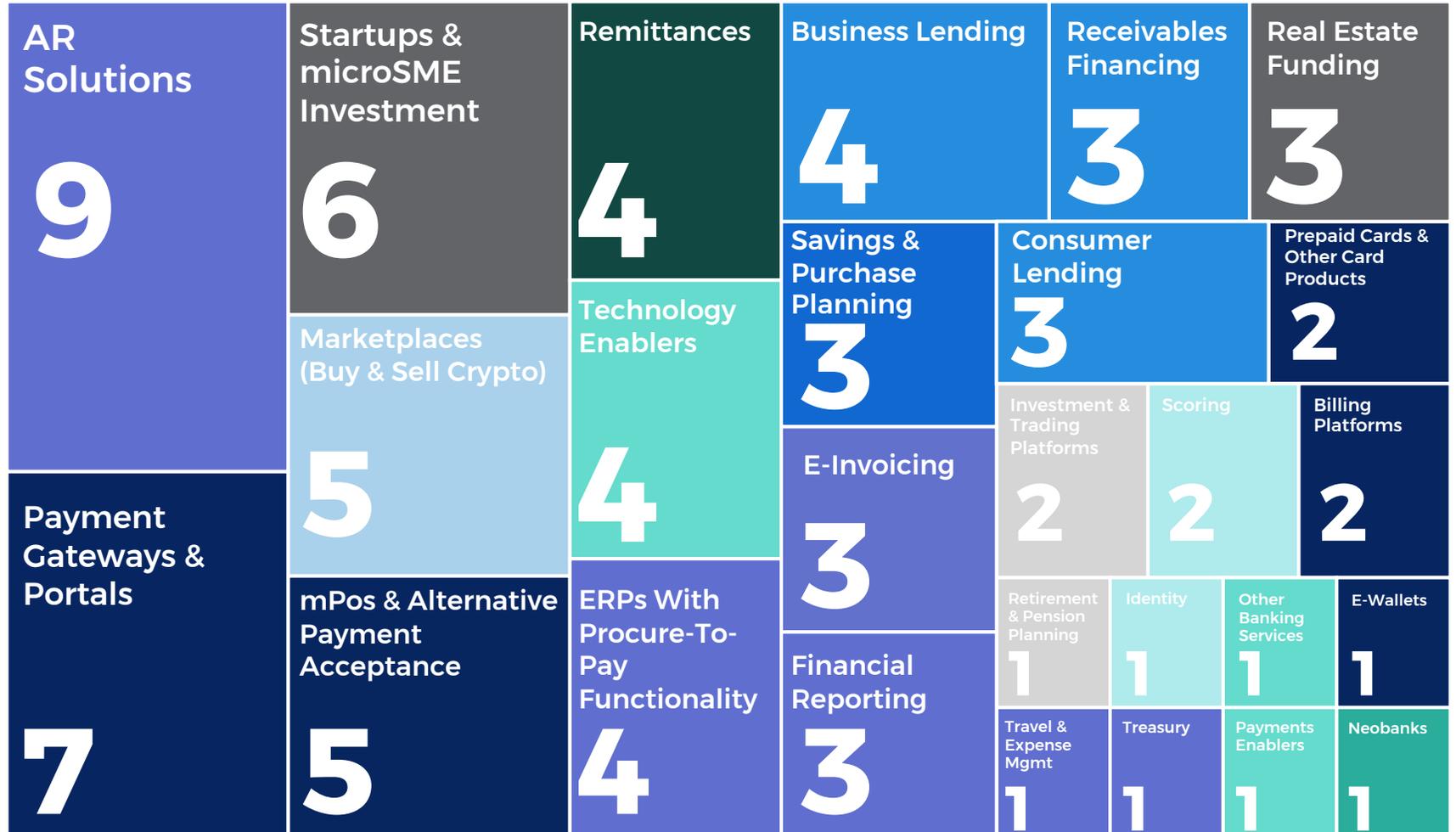
Growth Potential:

- Business Lending
- E-Wallets
- Consumer Lending

Complementary:

- Prepaid Cards & Other Card Products
- Receivables Financing

Distribution Of 82 Fintechs Across 27 Categories



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations
 Note: National fintech industry is still very dynamic and shows no subcategory with risk of saturation

Funding

- Admitting the Challenge
- LATAM Funding Distribution
- Country Funding by Category
- Top Funded Fintechs

FUNDING

Admitting The Challenge

Alejandro Gonzalez
Senior Consultant



Dear Reader,

We admit that of all the sections in this report, this was the most difficult to build. It is a consultant's nightmare to compile and present because it is always easy to poke a hole in the data or torture the numbers to say something else.

The fintech funding landscape is an ever-shifting terrain with many blank spaces on the map. Media releases contradict themselves. Debt financing is often referenced but rarely reported. Conditioned precedents trigger clawbacks or modify the value or the release of funding. Are funds destined for lending, regulatory requirements, opex, or capex? The list of pitfalls and sharp edges for a consultant is limitless and is why a consultant and not a partner is writing the introduction to this section.

Not all is gloom, however. There are pockets of good sources, although they are usually focused on one category or a particular player. Some of the best lists are outside of the region, but they rely largely on voluntary reporting and can be challenging or expensive for entrepreneurs and early stage fintechs to access or use. VC and PE investors may have proprietary databases but are either reluctant or conflicted to share them with the market.

We see the lack of a curated central source of information as a serious shortcoming in the market. We also acknowledge there are holes in the publicly available data. We hope this first attempt at providing an imperfect regional compilation of funding data will stimulate more fintechs to share information. Our hope is that this section will set a base from which to improve future iterations.

Still, we recognize that detailed funding information is limited and appreciate your patience and understanding. Obviously, if you have any funding information you can share or update so that we can improve this chapter, we appreciate hearing from you!

And for those who are interested in knowing, transactions through to May 15th 2020 are included in this report.

Thank you,

Alejandro

FUNDING

Obstacles And Challenges In The Data

Limited Data

- 90% of fintechs do not report funding or investment figures; only 183 companies make their numbers publicly available.

Some Fintechs Are “Beyond” Reported Funding

- Some fintechs are subsidiaries of larger financial institutions or technology companies; funding information is not always available. Rappi and RappiPay are a good example: in 2019, Rappi received US\$ 1 B from SoftBank, but no specific information is available on how much of this investment was allocated to RappiPay.

Reported Transactions In Foreign Currency

- Some fintechs reported their funding transactions in local currencies and the lag between exchange rate and actual deployment could be significant. We used a currency converter to approximate the US\$ value on the transaction date.

Friends & Family Funding

- It is a common practice in LATAM for entrepreneurs to raise seed capital from friends and family. Friends and family are also common sources used to bridge funding rounds, and therefore bleed into or taint the amounts reported in Series A or Series B rounds.

Pareto’s Law

- Despite the above-mentioned limitations, we are confident in the results. Although only 10% of fintechs actually report funding, they also happen to be the leaders in their categories and account for the highest proportion of investor activity by a large margin. Most fintechs in the region are still in their infancy and the numbers disclosed by their more mature counterparts provide good directional guidance.

FUNDING

187 Fintechs Reported Funding For US\$8.13 B

LATAM

Regional Highlights

Fintech investment in LATAM is uneven and not proportional to GDP.

- Brazilian fintechs captured nearly twice the weight of the country's weight in GDP and benefit from reconfirmation bias.
- Despite its size and a much-touted Fintech Law, funding in Mexico is lower than what the market should sustain.
- Chile, Colombia, and Argentina are hampered by being smaller markets with less space for competition and scale.
- Of note are the performance of Cryptocurrencies in Argentina, the disproportionate weight of Lending in Colombia, and the small but even distribution of funding in Chile.

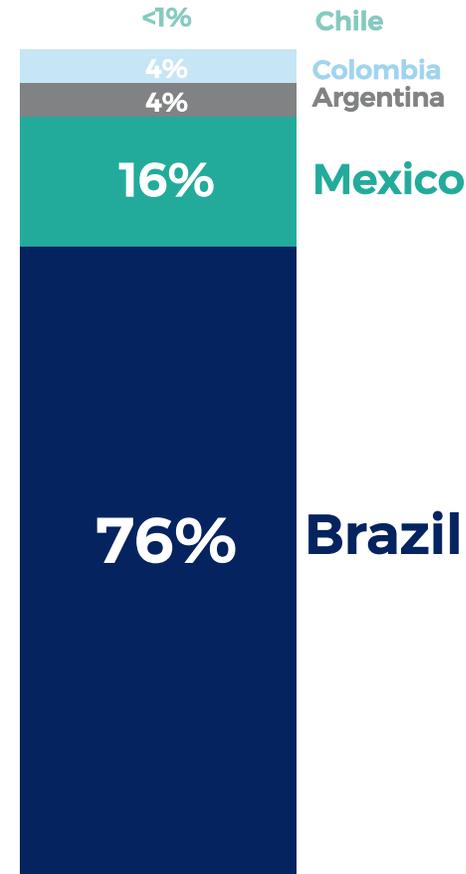
Mexico

1. Highest presence of foreign fintechs increases competition and dissuades investor interest in local competitors.
2. Domestic funds are conservative and prefer foreign non-fintech ventures.
3. Dominance of International Tier 1 banks favors their overseas innovation efforts.

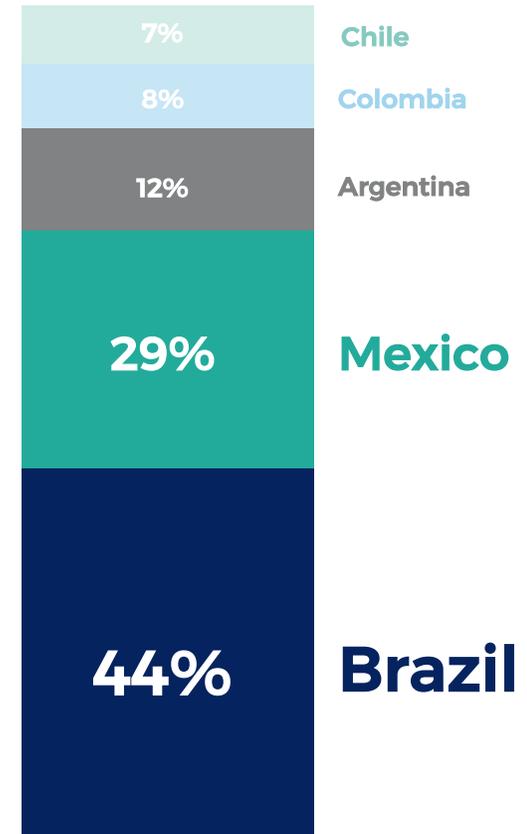
Brazil

1. Space for fintechs to scale and reach profitability in one market.
2. Domestic funds seek to invest locally and seek fintech ventures.
3. Tier 1 banks are national and promote a fintech ecosystem for their innovation.
4. Early investments reached maturity earlier on, reinforcing attraction.

Funding Distribution By Country vs...



Regional GDP Distribution By Country



FUNDING

LATAM

Funding Distribution

Funding is disproportionately concentrated in three sectors.

Payments leads funding and the overwhelming level of interest is attributed to:

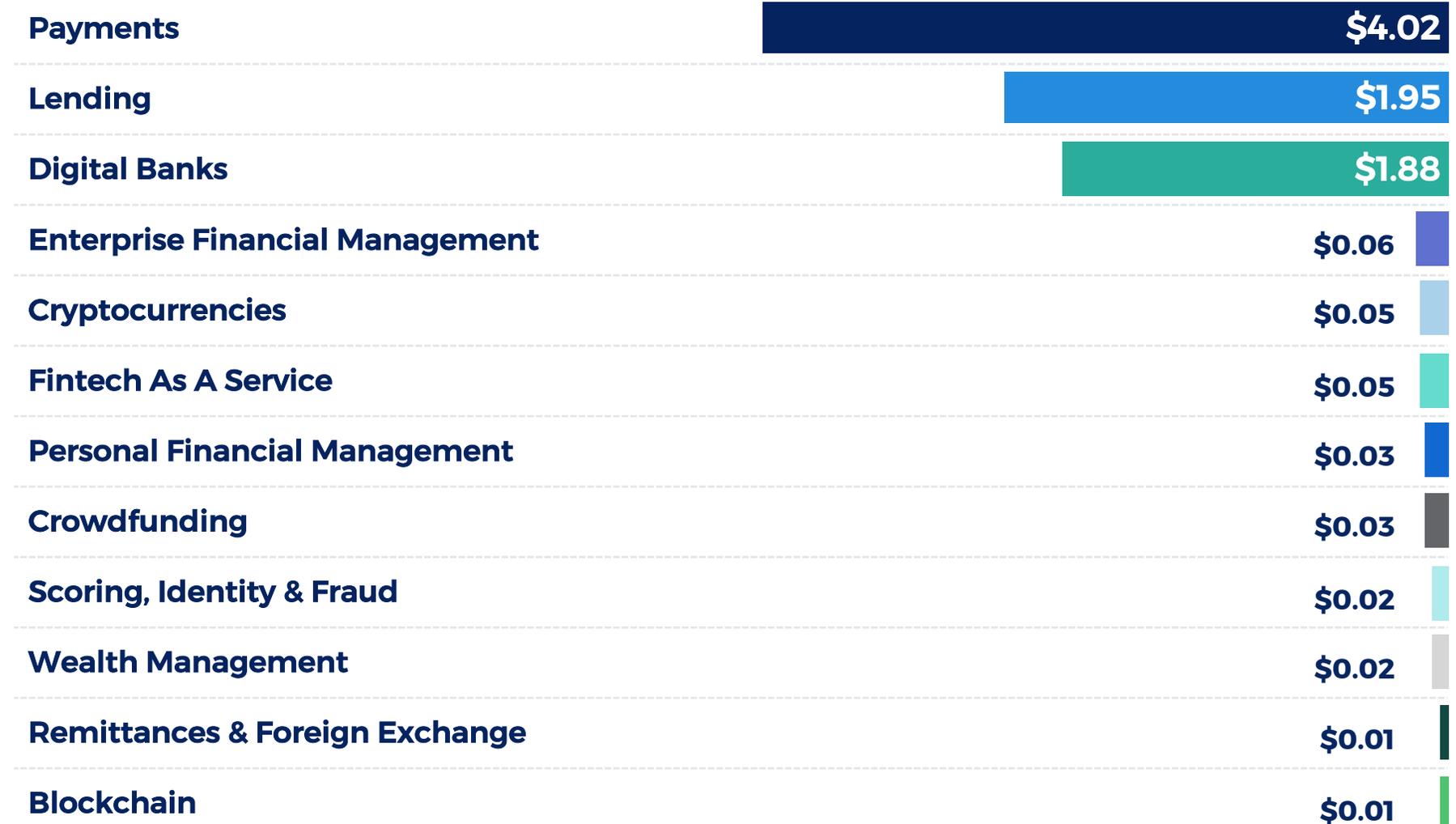
- Cash accounts for 83% of retail payments.
- Most countries have an oligopoly in merchant acquiring and payment processing that protects margins to the detriment of merchants.
- E-commerce is growing at 27% per annum but online payment solutions are lacking.

Interest in **Lending** is attributed to:

- 60% of the region is unbanked.
- Thin credit files inhibit interest from incumbents, leaving opportunity for challengers.
- High interest rates provide room for challengers to work in.

The high funding requirements of **Digital Banks** contribute to the category's high rank but are not reflective of an outsized interest in the sector. A small amount of players account for most of the funding.

Reported Funding By Category, US\$ Billions



TOTAL LATAM
Reported Funding

US\$ 8.13 B

FUNDING



Brazil

Funding By Category

Four fintechs account for ~80% of all reported funding.

Call-outs on distribution of funding at the category level:

- Payments: two fintechs account for ~80% of reported funding
- Digital Banks: two fintechs account for ~80% of reported funding
- Lending: three fintechs account for ~80% of reported funding

Reported Funding By Category¹, US\$ Millions

Payments	\$3,607.17
Digital Banks	\$1,769.95
Lending	\$705.03
Fintech As A Service	\$45.58
Enterprise Financial Management	\$38.52
Crowdfunding	\$20.82
Wealth Management	\$15.07
Scoring, Identity & Fraud	\$14.50
Cryptocurrencies	\$0.21
Personal Financial Management	\$0.11
Remittances & Foreign Exchange	\$0.04
	Reported Funding Brazil
	US\$ 6,217 M

FUNDING



Mexico

Funding By Category

Six fintechs account for ~80% of all reported funding.

Call-outs on distribution of funding at the category level:

- Lending: three fintechs account for ~80% of reported funding
- Payments: one fintech accounts for ~80% of reported funding
- Digital Banks: two fintechs account for ~80% of reported funding

Reported Funding By Category¹, US\$ Millions

Lending	\$941.94
Payments	\$206.85
Digital Banks	\$98.40
Personal Financial Management	\$25.08
Remittances & Foreign Exchange	\$9.80
Enterprise Financial Management	\$6.30
Cryptocurrencies	\$4.35
Crowdfunding	\$4.06
Fintech As A Service	\$1.52
Scoring, Identity & Fraud	\$1.10

Reported Funding
Mexico

US\$ 1,299 M

FUNDING



Colombia

Funding By Category

Three fintechs account for ~80% of reported funding.

Call-outs on distribution of funding at the category level:

- Lending: two fintechs account for ~80% of reported funding
- Enterprise Financial Management: one fintech accounts for ~80% of reported funding
- Payments: one fintech accounts for ~80% of reported funding

Reported Funding By Category¹, US\$ Millions

Lending	\$269.21
Enterprise Financial Management	\$6.01
Payments	\$5.00
Blockchain	\$3.50
Personal Financial Management	\$0.46
Wealth Management	\$0.26
Fintech As A Service	\$0.04

Reported Funding
Colombia

US\$ 284.5 M

FUNDING



Argentina

Funding By Category

Two fintechs account for ~80% of reported funding.

Call-outs on distribution of funding at the category level:

- Payments: one fintech accounts for ~80% of reported funding
- Cryptocurrencies: one fintech accounts for 100% of reported funding
- Lending: one fintech accounts for ~80% of reported funding

Reported Funding By Category¹, US\$ Millions

Payments	\$194.15
Cryptocurrencies	\$44.40
Lending	\$31.19
Digital Banks	\$12.08
Blockchain	\$7.29
Enterprise Financial Management	\$4.00
Crowdfunding	\$0.81
Wealth Management	\$0.75
Remittances & Foreign Exchange	\$0.50
Personal Financial Management	\$0.50

Reported Funding
Argentina

US\$ 295.7 M

FUNDING



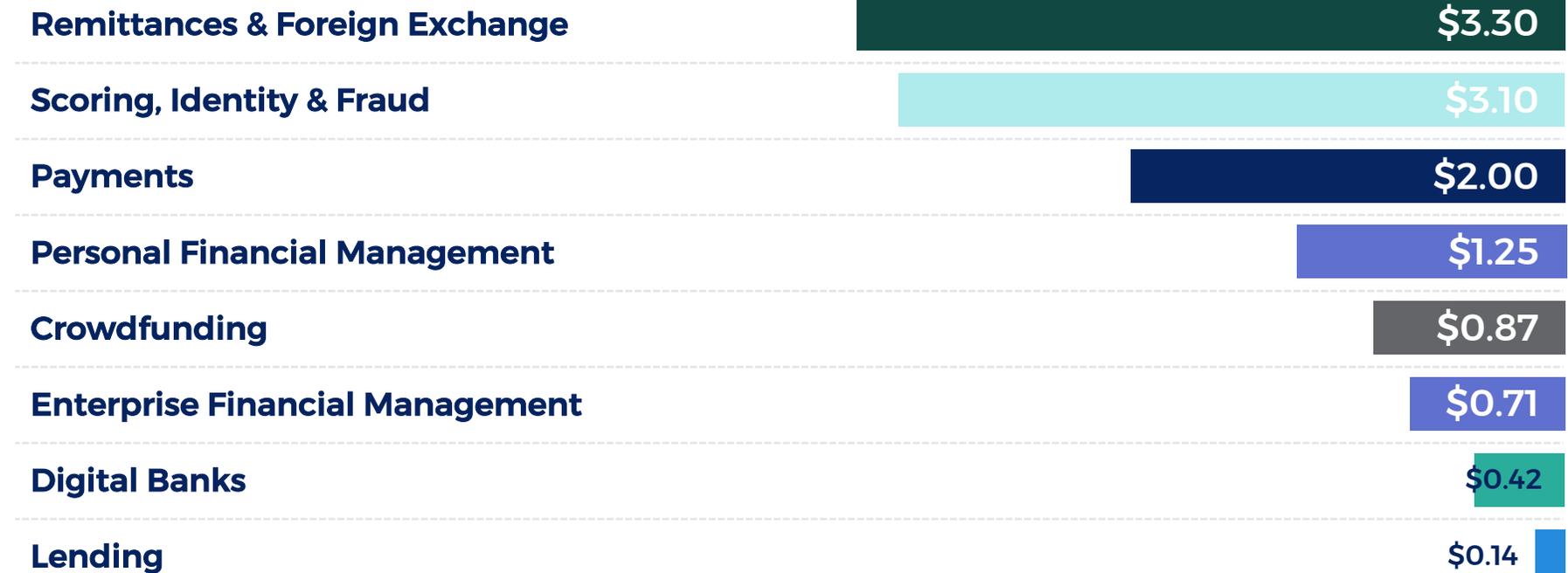
Chile

Funding By Category

Five fintechs account for ~80% of reported funding.

Call-outs on distribution of funding at the category level:

- Remittances and Foreign Exchange: one fintech accounts for 100% of reported funding
- Scoring, Identity & Fraud: one fintech accounts for 100% of reported funding
- Payments: one fintech accounts for 100% of reported funding

Reported Funding By Category¹, US\$ Millions

Reported Funding
Chile

US\$ 11.8 M

FUNDING

Top Funded Fintechs & Latest Reported Transactions

Company	Country	Sector	Total Funding Amount	Latest Reported Transaction		
				Round	Date	Lead Investors
 PagSeguro	Brazil	Payments	US\$ 2.3 B	IPO US\$ 2.3 B	Jan 2018	
 Nubank	Brazil	Digital Banks	US\$ 1.1 B	Series F US\$ 400 M	Jul 2019	Sequoia Capital, Tencent Holdings, TCV, Thrive Capital, DST Global, Ribbit Capital, Dragoneer Investment Group
 Stone	Brazil	Payments	US\$ 1.1 B	IPO US\$ 1.1 B	Oct 2018	
 Konfio	Mexico	Lending	US\$ 450.9 M	Series D US\$ 100 M	Dec 2019	SoftBank, QED Investors, Kaszek Ventures, Vostok Emerging Finance
 Banco Inter	Brazil	Digital Banks	US\$ 549.5 M	Post IPO Equity US\$ 330 M	Jul 2019	SoftBank
 Creditas	Brazil	Lending	US\$ 314 M	Series D US\$ 231 M	Jul 2019	SoftBank, SoftBank Vision Fund, Amadeus Capital Partners, Santander InnoVentures, Vostok Emerging Finance
 Credijusto.com	Mexico	Lending	US\$ 253 M	Debt Financing US\$ 100 M	Mar 2020	Credit Suisse
 OmniLatam	Colombia	Lending	US\$ 201.6 M	Debt Financing US\$ 200 M	Sep 2018	BTG Pactual
 Uala	Argentina	Payments	US\$ 194 M	Series C US\$ 150 M	Nov 2019	SoftBank, Tencent Holdings
 Geru	Brazil	Lending	US\$ 187.4 M	Convertible Notes US\$ 3 M	Mar 2018	ChromoInvest
 Alpha Credit	Mexico	Lending	US\$ 125 M	Series B US\$ 125 M	Jan 2020	SoftBank, SoftBank Latin America Ventures
 Neon	Brazil	Digital Banks	US\$ 120.3 M	Series B US\$ 86.4 M	Nov 2019	Banco Votorantim, General Atlantic, Omidyar Network, Monashees, Quona Capital, Propel Venture Partners
 Clip	Mexico	Payments	US\$ 147.4 M	Series C US\$ 100 M	May 2019	General Atlantic, SoftBank

Distribution Of The Top 25 Funded Fintechs By Country:

- Brazil: 12
- Mexico: 8
- Argentina: 3
- Colombia: 2

Distribution Of The Top 25 Funded Fintechs By Category:

- Lending: 10
- Payments: 7
- Digital Banks: 5
- Cryptocurrencies: 1
- Personal Financial Management: 1
- Banking as a Service: 1

Source: KoreFusion Analysis, Crunchbase, LAVCA, Fintech Reports. * Likely higher given 2016 round was reported to be raised from \$25 M to \$100M.

FUNDING

Top Funded Fintechs & Latest Reported Transactions (Continued)

The 25 top funded fintechs account for ~93% of reported funding.

Brazil Is The Only Country With Fintech Unicorns:

1. PagSeguro
2. Nubank
3. Stone
4. EBANX

Company	Country	Sector	Total Funding Amount	Latest Reported Transaction		
				Round	Date	Lead Investors
 RecargaPay	Brazil	Payments	US\$ 81.3 M	Debt Financing US\$ 2.5 M	Feb 2020	
 Weel	Brazil	Lending	US\$ 63.1 M	Venture US\$ 18.4 M	Feb 2020	Banco Votorantim
 Rebel	Brazil	Lending	US\$ 62.1 M	Series B US\$10 M	Dec 2019	Monashees, FinTech Collective, XP Inc
 Klar	Mexico	Payments	US\$ 57.5 M	Seed US\$ 7.5 M	Sep 2019	Quona Capital, Santander InnoVentures, FJ Labs, Western Technology Investment, Aspect Ventures, GE32 Capital
				Debt Financing US\$ 50 M	Sep 2019	Arc Labs
 Ripio	Argentina	Cryptocurrencies	US\$ 44.4 M	ICO US\$ 37 M	Oct 2017	FBG Capital, Andreas Schwartz, ICONIZ, Steven Nerayoff, Maple Ventures
 Kueski	Mexico	Lending	US\$ 38.8 M*	Series B US\$ N.A.	Sep 2019	
 Ebanx	Brazil	Payments	US\$ 30 M	Venture US\$ N.A.	Oct 2019	FTV Capital
 Albo	Mexico	Digital Banks	US\$ 27.1 M	Series A US\$19 M	Dec 2019	Valar Ventures, Mountain Nazca, Flourish Ventures
 Afluenta	Argentina	Lending	US\$ 25.5 M	Series C US\$ 3.5 M	May 2019	International Finance Corporation, IGRIA, Elevar Equity
 Resuelve	Mexico	Personal Financial Mgmt	US\$ 24 M	Venture US\$ 24 M	Jan 2020	Alloy Merchant Finance, DILA Capital
 Sempli	Colombia	Lending	US\$ 24 M	Series A US\$ 6.5 M	Apr 2019	Oikocredit International, Inter American Development Bank, BIG Labs, Impulsum Ventures, Generación Exponencial, XPT Fund
 Matera	Brazil	Fintech As A Service	US\$ 23.2 M	Private Equity Round US\$ 23.2 M	Feb 2020	Kinea Investimentos Ltda

Source: KoreFusion Analysis, Crunchbase, LAVCA, Fintech Reports. * Likely higher given 2016 round was reported to be raised from \$25 M to \$100M.

Maturity

- Market Segmentations & Considerations
- LATAM Maturity Snapshots
- Maturity Analysis by Country

MATURITY

Market Dynamics & Considerations

Marine Huang
Senior Consultant



Dear Reader,

The ashes of the Global Financial Crisis marked the rise of Fintech 3.0 – our current era. This fintech era was clearly all about startups disputing the hegemony of incumbent financial institutions. It has been a golden era for sure, full of adventure and spoils. Upstart fintechs acting like barbarians at the gates of banks. Liberal funding, like pillaged gold pouring into coffers. Tales of Unicorns and investors drunk on incredible valuations. But much like the Antonine plague that helped reshape the Roman empire, we are dealing with our own plague and a new crisis stalks financial services. Beware the ides of March.

The prolific inventor, Leonardo da Vinci is attributed as saying wisdom is the daughter of experience. We are at the threshold of the COVID-19 crisis, but it is not too soon to draw some wisdom from the Global Financial Crisis experience. What we learned is that consumers of financial services require change, and the actors populating the financial landscape will no longer be the same. Ten years of experience qualifies many fintechs as veterans in their own right. It also made banks wiser. The old new guard is now the new old guard.

Even before this crisis was hoisted upon us, many of us in the industry appreciated the need to understand fintechs in terms of their maturity and endurance, and not just in the context of market opportunity. Maturity will now play an even stronger role in shaping the landscape of recovery.

There are already early signs of distress for younger fintechs in this crisis. Funding is uncertain, contracts are being renegotiated or canceled with investors and commercial partners. Vulture funds, banks, and larger fintechs are taking advantage of lower valuations to make acquisitions or poaching talent. Veteran fintechs can more easily explore emerging categories and have the revenue flows to help them. In a pinch, larger fintechs can draw on well established networks of investors outside the possibilities of their younger competitors. At first glance it seems younger fintechs will suffer the most.

But there are also advantages that favor youth over age. In terms of evolution and change, every fintech year is like a dog year and a decade is a long, long, time for a fintech. The first challengers are getting rather old by fintech standards. Technology cycles that evolved every two to three years are accelerating their pace such that mature fintechs now face upgrades to their “legacy” solutions. They need to learn new tricks to keep their lead and remain relevant amongst the change brought by open banking and real-time payments. To the young fintechs, the ten-year-old veterans were already beginning to look like they needed a challenge, and now may be the moment to strike.

The crisis will also be a powerful level-setter for all players regardless of their age, including banks. Payment habits, merchant solutions, and lending capabilities (to name but three) will be upended by COVID-19, and older fintechs with business models anchored on pre-crises axioms may find themselves outdated or slow to adapt. Banks will need more partnerships with fintechs of all ages.

It is in this context that we see value in scoring the importance of maturity across different categories. To this end, in addition to segmenting fintechs according to age, we also ranked categories according to the importance we feel maturity plays in each category. We hope this stimulates further thoughts about how to measure opportunity and risk.

Sincerely,

Marine

MATURITY

Market Segmentations & Considerations

The Importance Of Maturity

High

- Categories favoring mature fintechs maintaining dominance and acquiring smaller or younger fintechs.

Augmented

- Categories that favor fintechs that can gain scale and reach maturity, or else face pressure to consolidate or be acquired.

Diminished

- Categories that are under pressure to change, leaving incumbents exposed.
- Categories that are diverse enough or sufficiently complex to benefit from varied solutions, and where younger fintechs still have solid growth potential.

Low

- Categories struggling to gain traction regardless of the maturity level of the fintechs targeting the category.

MATURITY

LATAM Maturity Snapshot¹

Distribution By Fintechs' Age

Age data publicly available for 824 of the 1,075 fintechs was used for this report.

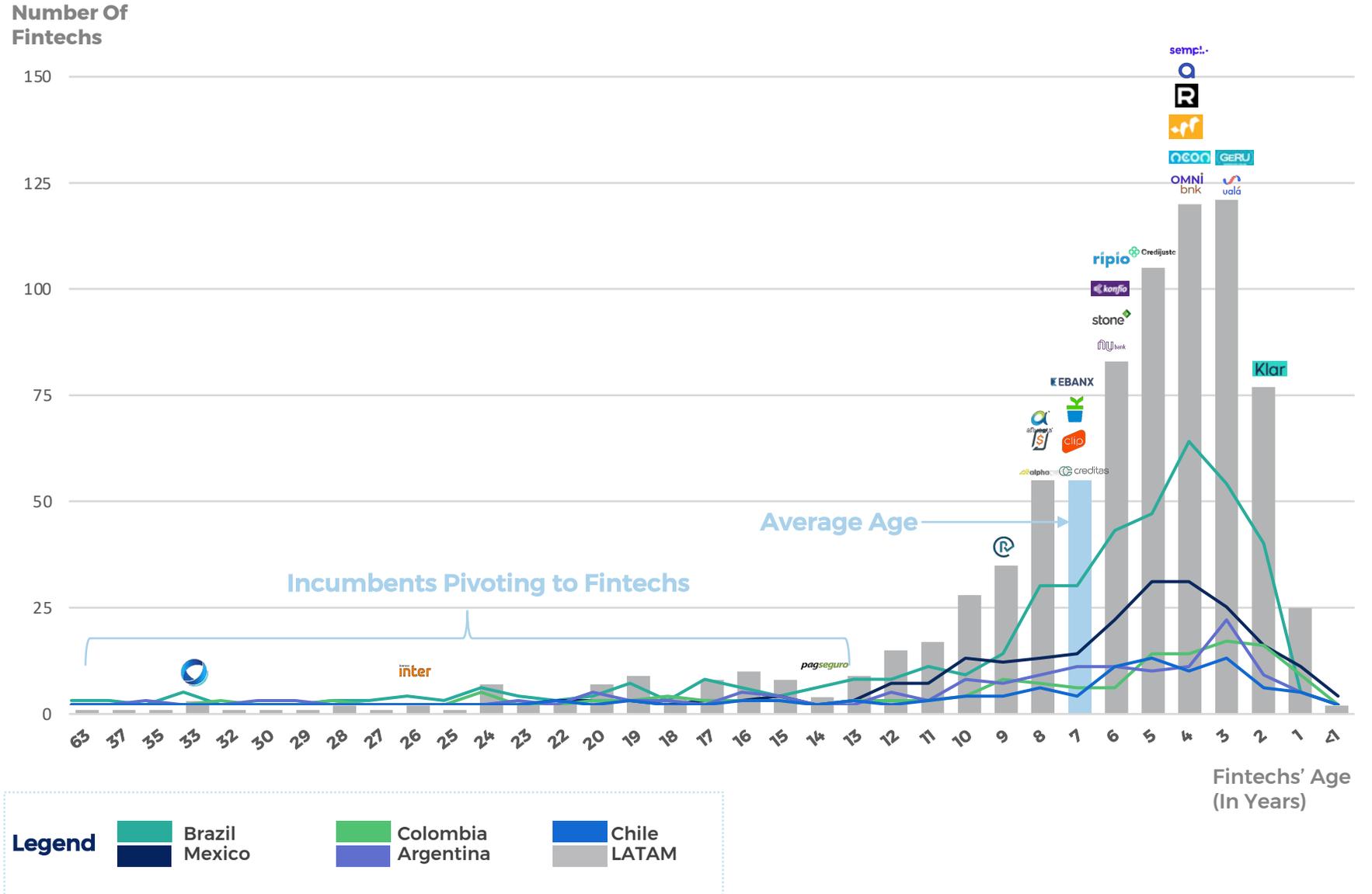
The average age of a fintech in LATAM is seven years.

The number of new fintechs is diminishing across the region since 2017.

The lower number of new players entering the market reflects a combination of economic difficulties, reduced funding, and tougher competition for new entrants.

A small but interesting portion of fintechs are composed of incumbent players with long histories that are embracing fintech business models.

Distribution Of 824 Fintechs By Age EOY 2019



Source: KoreFusion Analysis, Crunchbase, Fintech Reports, Fintech National Associations
¹ Founding date information for 824 fintechs available

MATURITY

LATAM Maturity Snapshot¹

Distribution By Country

The maturity of fintechs by countries reveals patterns of investment and interest in each country's fintech ecosystem across time.

Brazil: First country to attract investment, now showing a softening of investment funds reflective of softening economics and saturation in some categories.

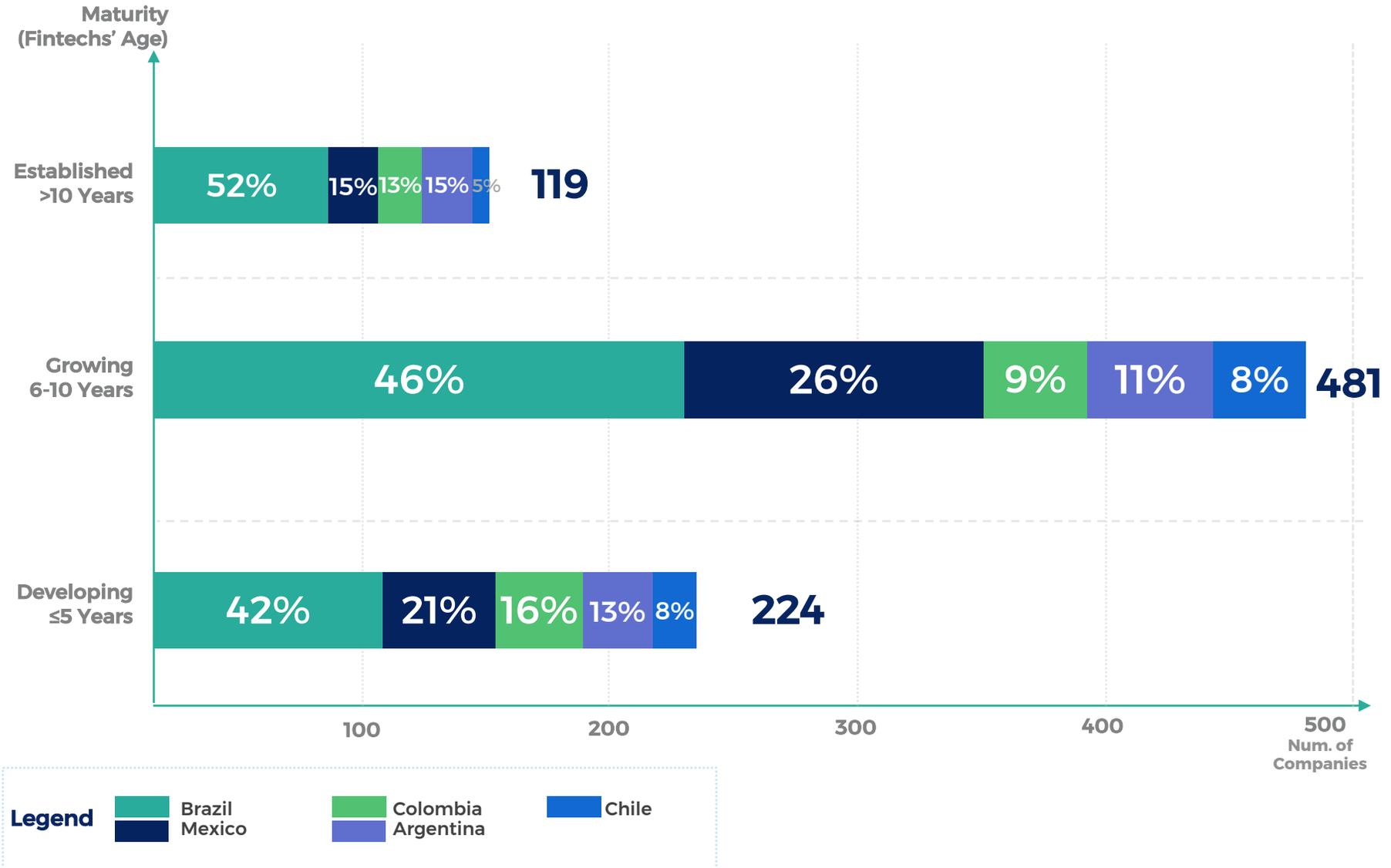
Mexico: Soft investment as compared to its economic size, with inconsistent investment flows, now expressing a downside trend.

Colombia: Solid initial wave of investment now demonstrating renewed growth in select categories.

Argentina: Consistent investment flows to select categories despite economic turmoil.

Chile: Slow initial invest with a sustained pick-up proportional to economic size.

Distribution Of 824 Fintechs By Country & Maturity



Source: KoreFusion Analysis, Crunchbase, Company Websites, LinkedIn
¹Founding date information for 824 fintechs available

MATURITY

LATAM Maturity Snapshot¹

Distribution By Category

High:

- Payments

Augmented:

- Enterprise Financial Services
- Fintech As A Service
- Remittances

Diminished:

- Lending
- Crowdfunding

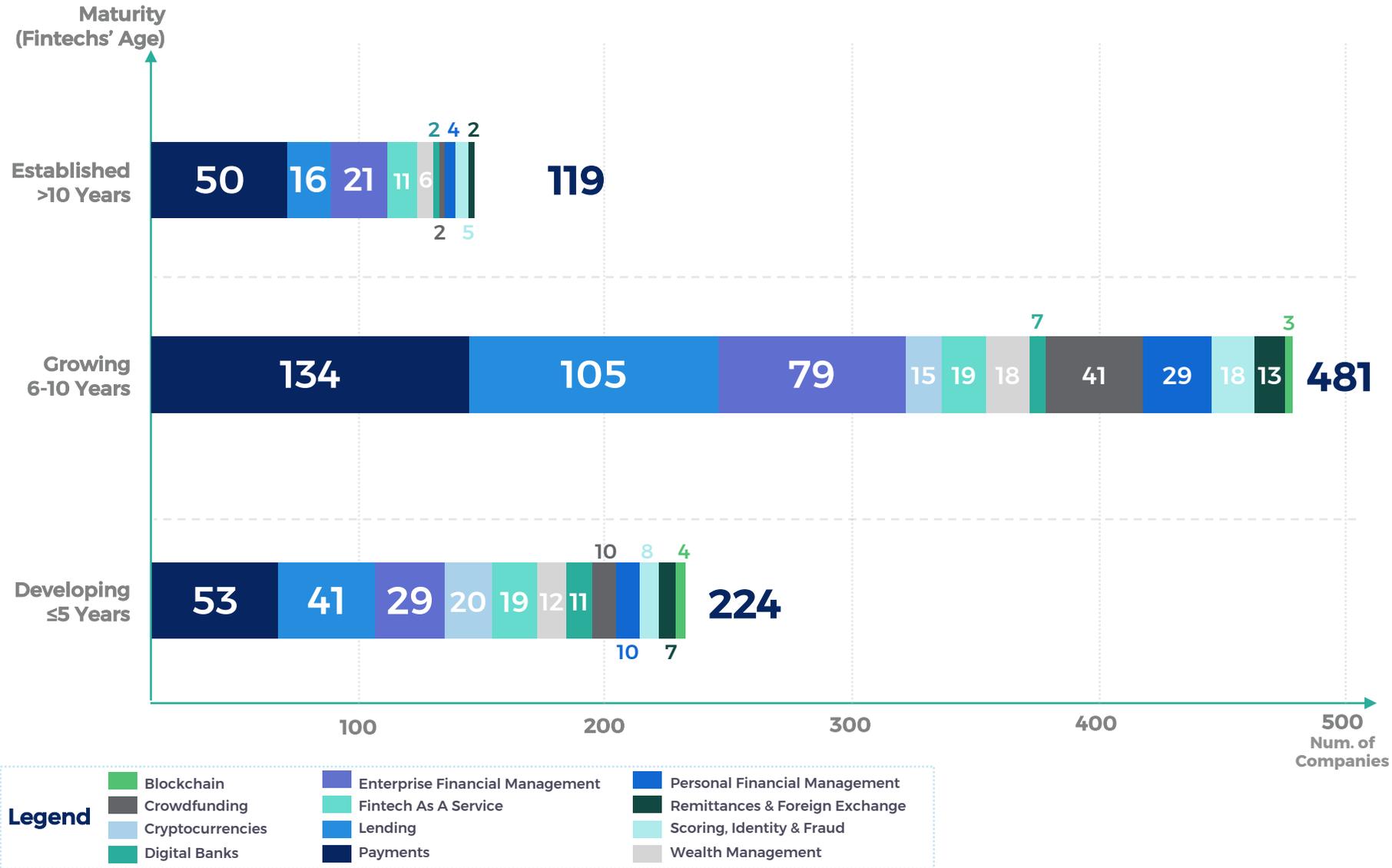
Low:

- Blockchain
- Cryptocurrencies

Call-Outs:

- Cryptocurrencies: High Maturity Importance in Argentina
- Crowdfunding: High Maturity Importance in Chile
- Digital Banks: High Maturity Importance in Brazil

Distribution Of 824 Fintechs By Category & Maturity



MATURITY



Maturity By Category¹

Call-Outs For Categories In The Developing Fintechs Cohort:

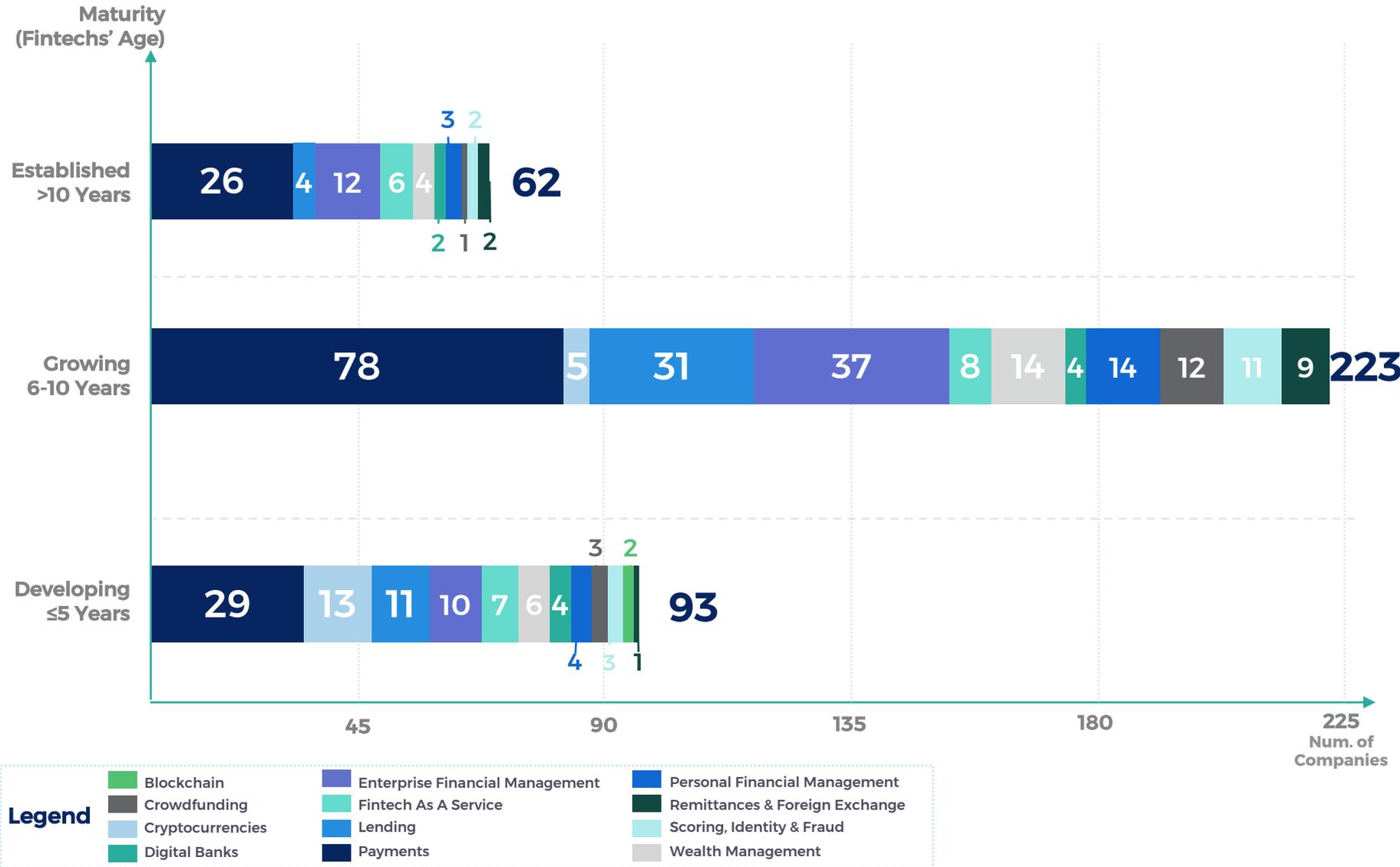
Receptive To New Players:

- Scoring, Identity & Fraud

Not Receptive To New Players:

- Payments
- Lending

Distribution Of 378 Brazilian Fintechs By Maturity



Source: KoreFusion Analysis, Crunchbase, Company Websites, LinkedIn
¹Founding date information for 298 fintechs available

MATURITY



Maturity By Category¹

Call-Outs For Categories In The Developing Fintechs Cohort:

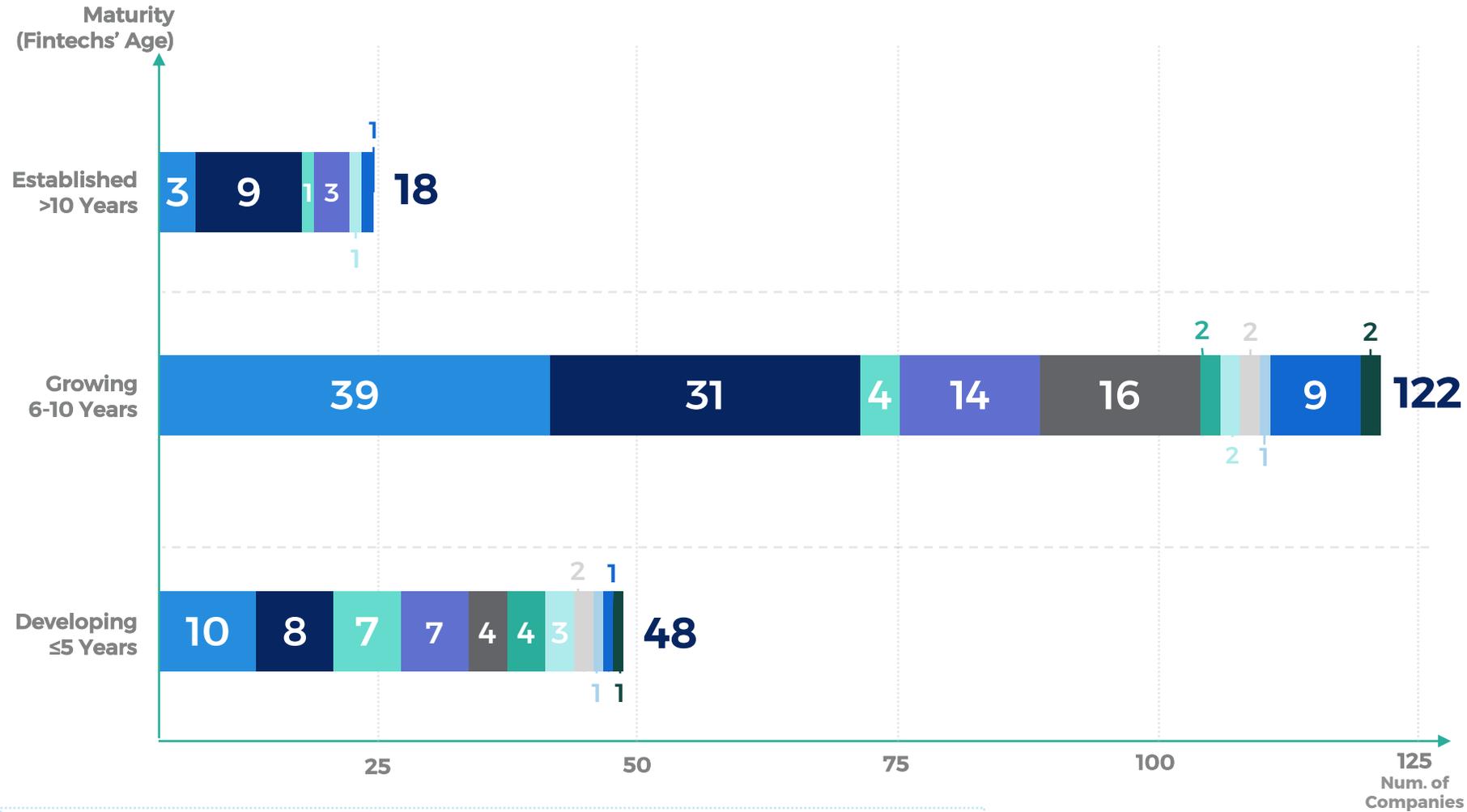
Receptive To New Players:

- Scoring, Identity & Fraud
- Remittances & Foreign Exchange

Not Receptive To New Players:

- Payments
- Lending

Distribution Of 188 Mexican Fintechs By Maturity



Source: KoreFusion Analysis, Crunchbase, Company Websites, LinkedIn
¹Founding date information for 188 fintechs available

MATURITY



Maturity by Category¹

Call-Outs For Categories In The Developing Fintechs Cohort:

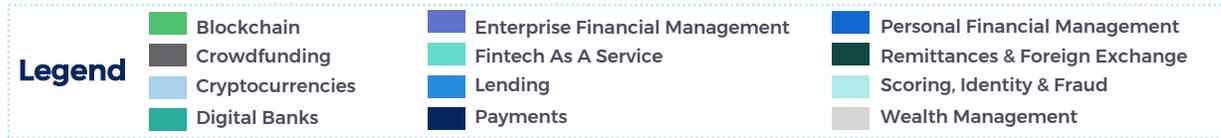
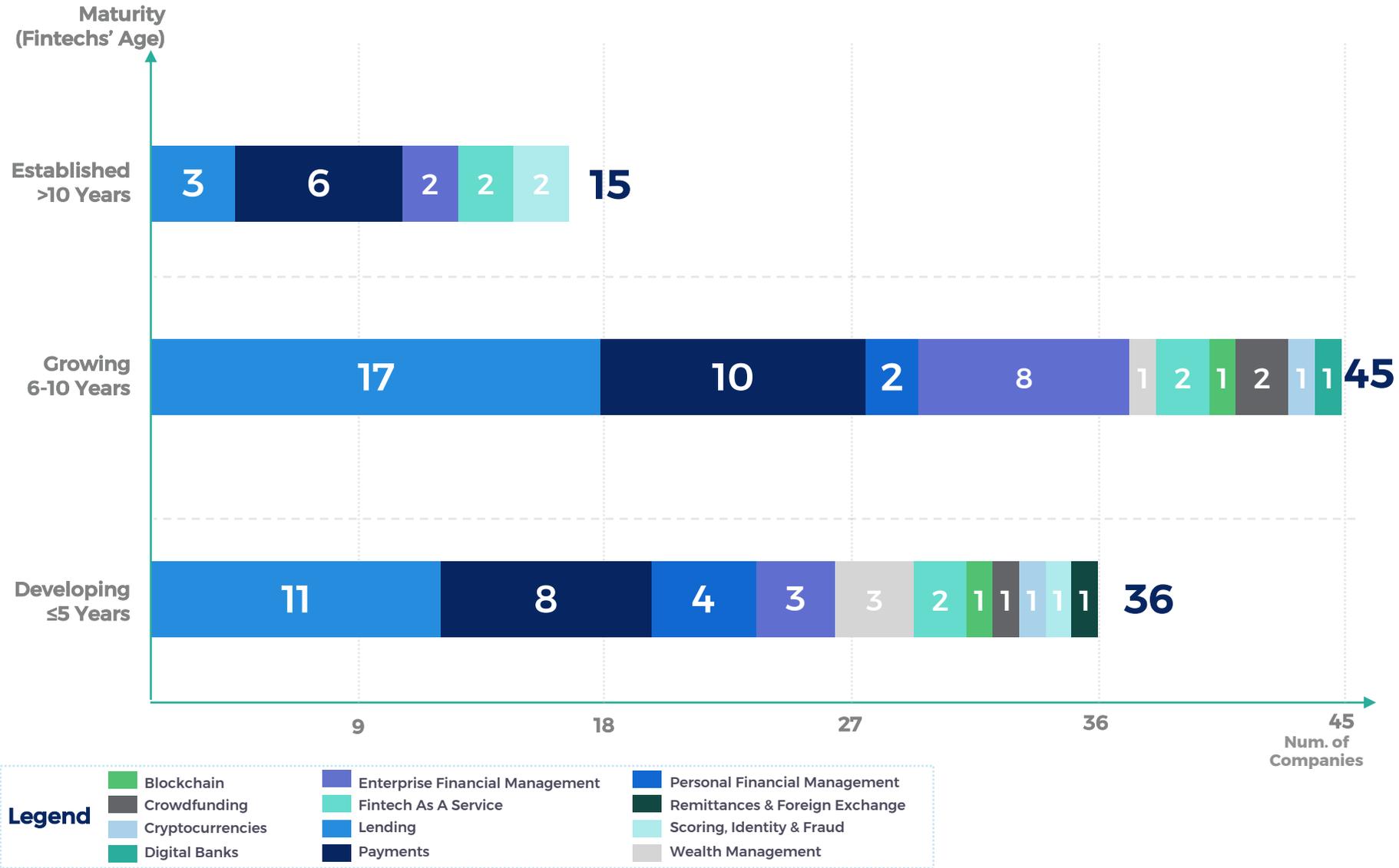
Receptive To New Players:

- Scoring, Identity & Fraud
- Remittances & Foreign Exchange

Not Receptive To New Players:

- Payments
- Lending

Distribution Of 96 Colombian Fintechs By Maturity



Source: KoreFusion Analysis, Crunchbase, Company Websites, LinkedIn
¹ Founding date information for 96 fintechs available

MATURITY



Maturity by Category¹

Call-Outs For Categories In The Developing Fintechs Cohort:

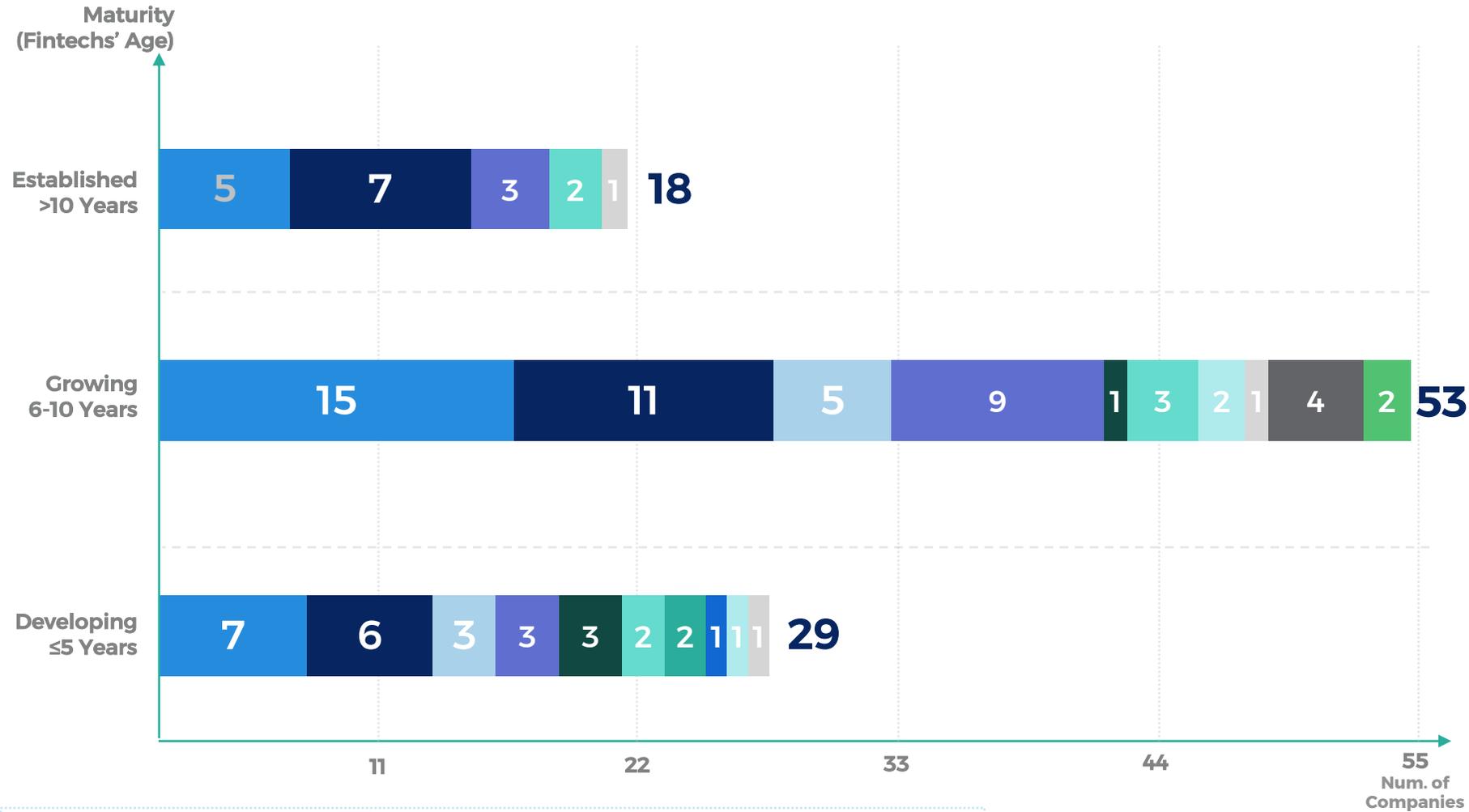
Receptive To New Players:

- Scoring, Identity & Fraud
- Blockchain

Not Receptive To New Players:

- Payments
- Lending

Distribution Of 100 Argentinian Fintechs By Maturity



Source: KoreFusion Analysis, Crunchbase, Company Websites, LinkedIn
¹ Founding date information for 100 fintechs available

MATURITY



Maturity by Category¹

Call-Outs For Categories In The Developing Fintechs Cohort:

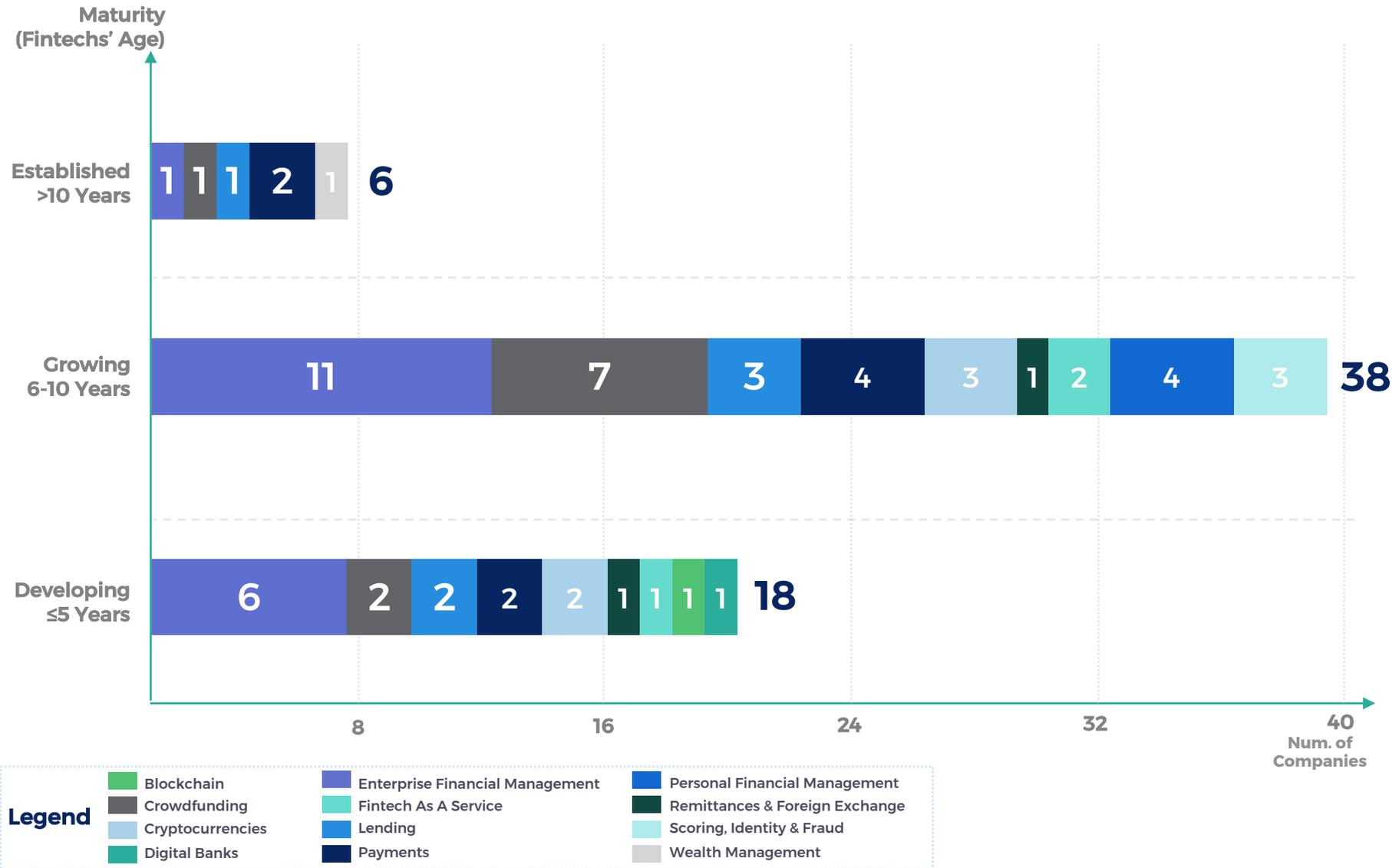
Receptive To New Players:

- Scoring, Identity & Fraud
- Fintech As A Service

Not Receptive To New Players:

- Crowdfunding
- Enterprise Financial Management

Distribution Of 62 Chilean Fintechs By Maturity



Closing Thoughts

- Thank You To Our Predecessors
- Category Evaluation
- About KoreFusion
- How We Can Help You
- Sources

CLOSING THOUGHTS

Thank You To Our Predecessors

Dear Reader,

Thank you for reading this report. In each chapter we tried to put ourselves in the shoes of investors and entrepreneurs and endeavored to first present data that was accurate and then use it to offer insights we thought useful and stimulating. We hope the report serves as a solid point of departure and we are glad to help you drill down further into the data and our opinion.

Often we are asked to provide generic opinions on specific companies in the fintech sector. This is demanding and requires a solid understanding of not only the sector, but also the industry at the country and regional level. A category may be saturated and under pressure but specific fintechs will always shine and be good candidates for growth. Inversely, a category may be ripe with opportunity but the track record of the fintechs operating in it is disappointing.

We also sit on the boards of multiple fintechs in the region and help others with their strategy and advisory services. For these reasons, we decided not to publicly shine light on individual fintechs or create lists of top performers. However, some of the sources we used to build this report provide exactly that type of company list and profile, and we encourage you to look through the list of sources we provide at the end of the report.

Of course we have opinions about specific companies and can help you run a due diligence or build a commercial strategy. We simply prefer to do that privately. If you have a question about a particular company, we are glad to schedule a call and see how we can be of further assistance. If you are a fintech, we are very interested in learning about you and sharing our insights – we coach and mentor multiple companies in Latin America and Asia, and think it is an excellent way to exchange knowledge and keep fresh.

In equal measure, we are also frequently asked to quickly surmise what category is hot and should be courted or avoided. We prefer to boil our water for tea on a stove and not in a microwave, but in a pinch we can provide a quick opinion. We therefore close this report with a tight comparison of the 12 fintech categories across five factors that we think have the most relevance in affecting their performance.

We hope this snippet of content is useful but we also recognize it leaves room for debate. We encourage that and look forward to your opinions.

As a closing thought, we wish to once again thank all the organizations and individuals that took steps before us and allowed us to swell their progress.

Thank you,

KoreFusion Team

CLOSING THOUGHTS

Category Comparisons

Factors We Considered

Funding Opportunity

- We inferred the need fintechs in each category have for funding at all levels of maturity. Most categories show a need for further funding, with a few that are overfunded.

Growth Potential

- We compared latent demand and market size to intrinsic factors offered by fintechs in the category. This included the ability of fintechs to leverage technology to scale and develop reach as well as their value proposition. The better the match, the higher the score.

Saturation

- We measured the number of fintechs and the trajectory of leaders vis-à-vis with the size of the opportunity. Some categories are over-subscribed while others still offer plenty of room to grow and maneuver.

Encroachment Threat

- We measured the impact that key players could have on the category. A category can be disproportionately affected by leaders, large new players, or first-movers, in which case it is more vulnerable to encroachment.

Regulatory Impact

- We measured the impact of regulation on each category. In some cases, regulation is imposing burdens or not providing clarity that hinders operations, stifles investment, or favors incumbents.

CLOSING THOUGHTS

LATAM Fintech

Category Evaluation

We reviewed 2,800 companies from multiple sources and only listed companies that are active and compliant with the definition of fintech.

We grouped fintechs into 12 categories and expanded the subcategories to 45.

We analyzed fintechs at the country, category, and subcategory level. We also applied a level of insight based on funding and maturity to each category.

Finally, we applied our knowledge of market size, regulatory trends, and business models affecting each category across five factors.

KoreFusion's LATAM Fintech Category Evaluation

Category	Funding Required	Growth Potential	Saturation	Encroachment Threat	Regulatory Impact
Crowdfunding	Light Green	Orange	Yellow	Red	Red
Cryptocurrencies	Dark Green	Orange	Dark Green	Light Orange	Red
Digital Banking	Light Green	Yellow	Yellow	Red	Red
Payments	Light Green	Light Green	Light Orange	Light Orange	Red
Lending	Light Green	Dark Green	Light Orange	Light Orange	Red
Remittances & Foreign Exchange	Dark Green	Light Green	Dark Green	Light Orange	Red
Wealth Management	Dark Green	Light Green	Dark Green	Light Green	Light Orange
Personal Financial Management	Dark Green	Light Green	Dark Green	Light Green	Light Green
Blockchain	Dark Green	Light Green	Dark Green	Dark Green	Light Green
Fintech As A Service	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green
Scoring, Identity & Fraud	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green
Enterprise Financial Management	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green



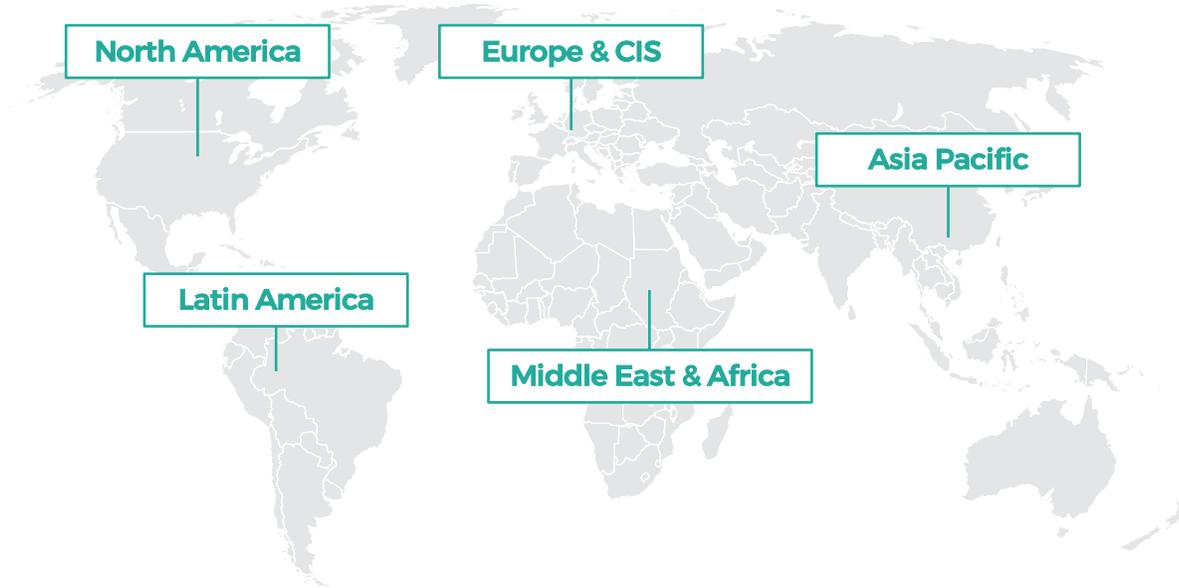
CLOSING THOUGHTS

Different From The Norm.

At Your Service.

We saw a natural intersection between strategy consulting and M&A advisory services.

We fuse global and local perspectives, combining international insights with on-the-ground experience.



KoreFusion By The Numbers

450

Projects Completed

96

Deals Closed

70

Countries We Have Worked In

6

Global Locations

25

Years Of Industry Experience

1

Industry Focus

CLOSING THOUGHTS

We Know The Industry Is Complex. We Can Help You Address Your Business Needs.

How We Can Help You

Are You A Fintech ...

- Needing to understand what your competitors are doing?
- Ready to raise your next funding series?
- Considering an IPO?
- Thinking about acquiring another company?

Are You A Financial Institution ...

- Looking to acquire or partner with a fintech?
- Developing strategies to engage with fintechs?
- Transforming your business model to compete better against fintechs?

Are You An Investor ...

- Exploring investment opportunities in the fintech ecosystem?
- Needing to better understand a specific category or subcategory?

Are You A Retailer Or Marketplace ...

- Engaging frequently with financial institutions and fintechs and need a better understanding?
- Developing a digital strategy with important financial elements?
- Exploring diversification opportunities?

Are You A Platform Or Digital Giant ...

- Looking to grow and expand your ecosystem?
- Needing to identify the right fintech partners?

CLOSING THOUGHTS

This Piece Of Work Was Possible Because Of The Previous Work Of Several Organizations Related To The Fintech Industry

Sources

- Associação Brasileira de Fintechs
- Cámara Argentina de Fintech
- Cntxto
- Colombia Fintech
- Crunchbase
- Distrito
- Finnovating
- Finnovista
- FinteChile
- FintechLab Brasil
- Fintech México
- Fisher Reports
- International Monetary Fund
- LAVCA - The Association for Private Capital Investment in Latin America
- Media Clippings and Company Reports
- World Bank Group

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San Francisco • New York • Mexico City • São Paulo • Singapore • Mumbai



Our Experience

25 Years As Strategy Partners And M&A Advisors To The International Fintech, Payments, And Financial Services Industries.

We Advise Companies Across The Industry Spectrum; From Fintechs and Established Payments Companies, To Clearinghouses, Regulators, and Investors.

Our Expertise

- **Faster / Real-Time Payments**
- **Push & Account-to-Account Payments**
- **B2B & Commercial Payments**
- **P2P & P2M Payments**
- **Consumer & Commercial Card Products**
- **Merchant Acquiring & Payment Processing**
- **Money Transfer & Remittances**
- **Supply Chain Digitization & Finance**
- **Digital Banking, Infrastructure & Emerging Models**
- **Digital Currencies & Super Platforms**